Ann. F. IX-4

Previous References.

1943-44 Ser. I).

File No. 96-43.

Serial Nos. ~~5-12~~, 1, 2, 9, 13–17a, 23, ~~30~~ 31, 33, 34, ~~37-48~~ 37–40, 42, 45, 47-48.

Later References.

PRESERVED

GENERAL AND REVENUE SECRETARIAT

erial Nos. ~~G-S~~ 27

P-246

E

Part B for January 1945

SUBJECT

~~Record Notes of the discussions~~

Revision of manufacturing charges and maximum limits of advance towards working capital.

Request of the Chairman, Mysore Silk Dept for the guarantee of reasonable profit in view of increase in the cost of fuel, transport & other contingencies required in the manufacture of Silk.

Letter No. nil dated 30.11.1943 from the Chairman, The Mysore Silk Filatures enclosing a copy of his letter sent to Mys H.S. Govindarao (at Delhi) and R.W. Taggett, D.G.S. - in regard to the revision in the formula already fixed for determining the manufacturing charges of Silk in view of the rise in the cost of fuel and transport and other ~~items~~ constituents of that charge.

1) As per clause (3) (b) of the annexure to the G.O. D. 5378-83/Seri 143-41 (7) dated 17.2.1943, the manufacturing charges are fixed at a flat rate of Rs. 3/- per lb. inclusive of ~~the~~ allowance and War risks insurance Premia at the present level, and subject to upwards or downwards adjustment in relation to any variation in their rates.

2) The Chairman states that conditions governing the determination of the above ~~flat~~ rate have changed necessitating the increase in the rate - which has actually risen up to Rs. 6-8-7 and requests that his application for revision in the rate may be supported.

3) Now that the Chairman has sent his letter to Mr Govindarao ~~to Delhi~~ and also to the Director-General of Supply, and that the former officer is at Delhi, for orders if a letter or telegram may be sent to the Special Officer to press the matter, or may his arrival here await

Request of Sri N. Rama Rao — Placement of proposal in regard to increased rates & charges

Continuation Sheet. File No. Current No. of Page.

to a
proceed and subject matter for further
examination after calling for a report from the
Special Officer (Incharge).

4) Mr Ramam Rao may also be written to,
if approved, as from Board, to discuss
the request & bring out his views, if possible,
a provisional understanding, to be worked
later by Board. Such proposal, with a small

5) Any proposal for the increase
in the manufacturing charges or profit
will have to be examined by the Govt
Accounts Officer in relation to the account
of the Govt Filature at Kankanhalli.
& then it will have to be decided
to what extent the rates already fixed
may be enhanced. The proposal of
a private Filature Co. cannot be acted
upon on the basis of the figures furnished
by the Co. There does not appear to
be any objection, however, to the
Spl Officer's bringing the representation
of the Mys Silk Fil. dtd to the
notice of the authorities concerned
to discuss the matter & arrive at
provisional settlement, subject to
a firm action being left to be
taken subject to examination of the
accounts of the Govt Filature at K. K

WD 01809—GPB—60,000—26-1-43

Representation of Mr N Ramarao chairman Mysore Silk Factories to rep. increased rate in the manufacturing charges of Silk

ntinuation Sheet. File No. Current No. of 2908 3860 / 3919 Page.

6) A dft letter to the S.O (at Delhi) is subd for Consideration Chief Secy)

To 2/12/43

Letter addressed from Mr H.S Govindarao, dated Calcutta, 28.11.1943 addressed to Mr V. Ve Vyasacharya reporting regarding the supply of Coal and the visit of Captain Hill and Party to Bangalore in connection with the supply of Silk.

7) Some dft + resubmit To 3/12/43

D.O. letter No. I. 3885 dated 3.12.43 to Mr Govindarao c/o Mr R.W. Taylett, Merchant requesting him to interview Sir A Ramaswamy Mudaliar Supply Member, and to apprise him of the Progress achieved upon the S.F.E. Scheme and to urge for the necessity for increasing the manufacturing charges of Silk in terms of Mr N. Ramarao's letter to him and other developments.

8) Submitted for perusal.

9) A d.o. letter has been sent to Mr Govindarao to his Delhi address as per instructions of Hon Minister Rtd.

10) Chief Secy) To 3/12/43

2/43 Letter Nos. D 3886 & D-3887 dated 4.12.43 to M/s H.S. Venkatarao Supdt of Sericulture & V. Ganapathy Supdt. Silk apprising them of the visit of Captain Hill & Party to Bangalore

Reg: the revision in the cost of manufacturing charges

Continuation Sheet. File No. / Current No. 2908 of 3865 3919 5 4034 Page.

Letter No 374/7 dated 4-12-43 from the Chairman, Mysore Spun Silk Mills Chamarajpet forwarding a copy of his letter dated 4.12.43 to Mr H.S. Govindarao regarding the revision in the cost of manufacturing charges of silk.

12) Submitted for perusal after issue Minister Rtd) To 6.12.43

OFFICE OF THE MINISTER FOR REVENUE & LAW
7 DEC 1943
No. 3326

13) /12/12 To 8/12/43

Letter No D.O. 378 7 dated 4.12.1943 from the Chairman, Mysore Spun Silk Mills Chamarajpura forwarding a copy of his letter dated Mr H.S. Govinda Rao (Delhi camp) in the matter of enhancing the manufacturing charges and requesting to address Mr Targett D.G.I.S. in the matter.

14) " Chief Secretary"

letter has already been written to Mr Govindarao in the matter) is report after his return from Delhi will be awaited. Resubs 5/1/44

To H.V.A. 4-12-43.

15) To C.E. 10/12/43.

16) Draft letter to Mr Targett (as per instructions) Submitted for Consideration & Chief Sec

17) To 27.1.44

18) Typed draft submitted 28/1/44

To 28/1/44

WD 01809—GPB—60,000—26-1-43

Sir initial: - "A note from the SO may be awarded." MM 28/1 To 28/1

MM 28/1/44

28/1 pm

Representation of the private Dlative interests for revision of the manufacturing charge, working capital and profit — under S.F.E. Scheme

Continuation Sheet. Secret File No. 96/43-S Secret of 1943 Current No. Page. 4034

20) The note received for the S.O. is put up. A revised draft letter as instructed is submitted for consideration.

21) It is for orders whether the Govt. of India be addressed in the matter of enhancing the rate of profit and the advances for working capital. The S.O. may be requested to furnish details & send definite proposals in the light of the discussions on this subject in the meeting of the S.F.E. Comte held on 1.2.44.

22) (Chief Secy) To Y/Mrs

23) Ltr letter to Mr R.W. Taylor, for comn. Min (R & D) WD 3/2/44

25) (appd by the Min)

26) Issue WD 3/2/44 To Y/Mrs

No. D-5046/Enc-2 dated 4.2.1944
- To Mr R.W. Taylor, D.G.S. Newdelhi
- regarding revision of Manufacturing Charge
D.5046/A 4 Copies to the Special Officer, S.F.E. Scheme
D.5046/A 2 Copies to the Controller of Supplies, S.I. circle, Madras

WD 1140—GPB—50,000—5-11-42

Silk produced by the private Plating interests under the S.T.E. scheme

Continuation Sheet. Ser File No. 96-43-57(1) of 1943 Page. 6
Current No.

38665 39195 40134

Fair dft Canvised (by the chief secy) of letter to Mr Targett re: revision of the fixed rate of profit (Rs 1-6-0 per lb) to 10% of the actual cost of production, invited for consideration.

Chief Secy)

To S.T.E. Scheme for info...

Min. N & D

AUG 5/2/44

5/2

Indus...

WD 5/2/44

Home 5/2

OFFICE OF THE MINISTER FOR REVENUE & LAW
5 FEB. 1944
No. 4640.

No. D. 5069-71/Ser 96-43-13. Dated 5.2.1944.

— R. W. Targett Esq C.I.E.,
Director-General of Supplies, Dept of Supplies
New Delhi

— Copy (D. 5070-71/Ser 96-43-13 & S?/ccn to the Special Officer S.T.E. Scheme.

— Copy (D. 5071/Ser 96-43-13 & S?/ccn to the Controller of Supplies, S. Circle, Madras

— requesting to arrange to revise the rate of profit in view of the representations made by the private plating interests —

Enhancement of limit of working capital

Dilatue Expansion Scheme. (pg 7)

G.R.S. III—3]

ROUTINE NOTES

Seri 96-43-13 38665 39195 60 3rd Sec

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Dft letter to Mr R. W. Taylor, asking that the limit of working capital may be increased to Rs. 1760/- per loom (at present Rs. 1200/- per loom, in the case of Mysore)

4/2/64

5/2/64

Attached

D.O. No. D. 5063-65/Seri 96 43-82 dt. 5-2-64

- To R.W. Taylor Esq. C.I.S., Dir[r]-General of Supplies, Dept of Supplies, New Delhi -

- D. 5064-65/Seri (Copy) to Textile Commissioner, Special Area, S-7, Scheme

- D. 5065/Seri - Copy to Textile Commissioner of Supplies, Madras -

- requesting to revise basis permanently the working capital ~~to be given~~ to Private Dilatue interest under the Silk Dilatue Expansion Scheme in view of the altered conditions.

Provision in the cost of manufacturing charges, Working advance and the rate of profit payable to the Ryotwars.

Secl 90-43-14

3866 5391 9540 3415 5715 5557 2

D.O. Letter No. nil dated 18.2.1944 from Mr. M.P. Pai, Consupra, Madras, stating that Mr. Devaraj's presence at Delhi for Silk Conference on 8.2.44 was ample and that there is a good case for a price increase both in respect of manufacturing charges and working profits.

34) Subs for perusal and orders if a copy of Consupra's may be sent to the Special Officer and the latter also asked to forward his report on the recent Delhi Conference (11/2/44). Draft letter also is put up.

23/2/44.

35) For perusal please (Chief Secy)

To see 2.44

36) Pse x submit.

Illegible

24/2/44

To 25/2/44

No D.5522/Secl. dated 28.2.1944
- To the Special Officer, S.A.-S.I.S.
- Calls for a report on his recent visit to Delhi to attend the Silk Conference.

Letter No. D.D.G-1/13-44 dated 22.2.1944 from the Dy Director-General (Mr A. MacParquhar) D.G.S. New Delhi, stating that in view of the increased outlay necessitated by the rise in operating costs, the Govt of India are prepared to increase the maximum limit of advance for working capital from Rs 1000/- to Rs 1600/- per basin, and authorising Mysore Govt to issue such advances up to the new limit.

37) Subs for perusal and orders. The P.W.D in their letter No. D.5064 dated 5.2.44 flagged

Illegible

28/2/44

* Reference Para 36 ante

39) The working expenses were

Manufacturing Cost — Working Advances etc — Private Factories — S.P.E. Scheme

Continuation Sheet. File No. Current No. of Page. 9

Calculated at Rs. 1760 a basis. The D.G.S has permitted an advance of Rs. 1600. When the Cost was Rs 1000 the whole amount was being advanced. It is not clear on what basis, Rs. 1600 has been fixed notwithstanding the recommendation of the Committee based on the data furnished. It is for Consideration whether at this rate, increasing difficulty will not be felt in working the S.P.E. Scheme etc.

40) The letter is for perusal.

41) A copy of this may be sent to the S.O. & he may be asked to send a statement immediately showing the disposal of the sums of Rs 16 lakhs to be advanced by the Govt of India & the total amount that they have to advance further taking into consideration enhancements in the rate of working capital for Rs 1000/- to Rs 1600/- admitted by them.

(Chief Secy) 28.2.44

42) Yes. 28/2/44

OFFICE OF THE MINISTER FOR REVENUE & LAW 29 FEB. 1944 5212

43) 28/2

44) In the meantime (Min R & L) 28/2/44 the increased limit may be sanctioned

Revision in the cost of manufacturing charges, working capital and the rate of profits to be allotted under the S.F.E. scheme.

45) Subd. Draft letter to S.O. is put up.

6/3/44

46) Issue & Submit at once

6/3/44

6/3/44

NO.D. 5767-8 (Sec 1)/Seri 96-43-17
dated 6.3.1944

- To The Special Officer, S.F.E.S.
- Copy to the Comptroller to Govt
- forwarding a copy of letter recd from the Govt of India authorising the increase of working capital from Rs 1000/- to Rs 1500/- for basic and calling for the particulars in this regard.

Resubd:- as per orders at Para 46

6/3/44 D.O. Letter No. Sy/Tx.62(171) 81.3.44 from Mr A. MacFarquhar, Dy Dir Genl of Supply stating that The Govt. of India are willing to examine the proposals made & urging, meanwhile, the pushing the products forward to better quality & greater quantity.

Subd for perusal

Hon Rtd) 2d V.V.A. 6/3/44.

2d. K.V.A. 6/3/44.

Subd with the file as per instructions

Chief Secy) 6.3.44

Dft letter to Mr MacFarquhar

Revision of the cost of Manufacture, working Capital and profits.

Continuation Sheet. File No. Sen 9623-

Current No. 3866-3919-4034-5245-5572 of Page. 11

for approval.

51) (Attached to the main Note) 10/4/44

52) 11/4/44

53)

Telegram dated 11.4.44 to Mr. MacFarquhar, D.D.G. New Delhi — requesting to arrange to send the Cost Officer to examine the affairs of the Filature re: revision of the cost of manufacture.

D.O. No. D. 6529-32/ dated 13-4-1944 — To Mr. A. MacFarquahar, D.D.G., Deptt of Supply. New Delhi. in regard to the revision of the cost of manufacturing of Silk produced by the filatures as well as of Profits.

— Copy to the Controller of Supplies, Madras

— " — Asst Controller of Supplies, (Silk) Bombay

Revision in the cost of manufacturing charges, working and the rate of profit payable to the private Ginning and S-J-S Scheme

ontinuation Sheet. File No. Seri 96-43-

Current No. 3866- 3919- 4038- 5915-5972 of 668 Page. 1/2

Letter no. 556/7. dated 13.4.1944 from the Chairman, the Mysore Sowcar Silk Mills Ltd Channapatna, stating that the Mills have incurred loss from Sept to December 1943 on account of the increased rate in the cost of manufacture and requesting to give them an assurance that the actual manufacturing charges would be paid to them and also to arrange for the payment of the Bills on account of the supply of Silk without effecting any deduction.

6) Subs for perusal and orders. together with connected papers leading to the revision in the cost of manufacture of silk.

5) The Chairman, S.S. Mills has been raised two points viz.

1 Revision of the cost of manufacture: Reference invited to the telegram (para 524) from Mr Macfarquhar. A meeting of the S.F.E. Committee may be convened at which the latest development may be explained to the filatures. No formal reply appears necessary.

Settlement of bills in respect of supplies of silk: Orders of Govt have been issued directing S.O. to make payments reserving Re 1/- per lb. - adjustments. Further instructions to the S.O. are given by the Minister R.t.s during the recent meeting on 17.4.44. No further action appears necessary. The position may be explained at a meeting of the S.F.E.

D.668

Revision in the cost of manufe
& the rate of Profit to the private Factory!

11888
20 [illegible]

OFFICE OF THE MINISTER FOR REVENUE & LAW
21 APR. 1944
No. 6604

Committee. Send for personal from chief Secy) To 20/4/

59) I think a meeting of the Tel. Exp. Comm may be called urgently. in the next week, Min K & d)

60) Please point out a Rapt- ruptg. if any title is delayed, we may be informed

61) Please get a st of sch bills pending from S.O Every Saturday, a ~~Stt~~ statement to sent to me showing bills pending with particulars showing the date of their receipt & the reason for their being pending

Shaw Ch 21/4

62) I shall be glad to meet the Ch or Secy to discuss this difficulty.

XX

Revision in the rate of manufacturing charges capital and the rate of profit in the private Matches the S-J-E-Schemes.

D.O. letter No. Sy/Tx-62-171 dated 15/4/44 from Mr Mac Jangchar, D.D.S. Delhi-7 suppliz New Delhi regarding revision in the rate of manufacturing charges and rate of profit. ~~and~~ ~~Statement~~ Report.

Further letter No. Sy/Tx-62-171 dated 18/4/44 from Mr Raetangchar D.D.S. New Delhi, forwarding his tour programme for May 1944 and requesting arrange for a talk conference during his visit to discuss and consider the question of revision in the rate of manufacturing charges and profit.

No.D. ~~6870~~ 6700 dated 24-4-44
No D- 6701 dated 24-4-1944
— To the Special Officer, S-J-E-Schemes.
— forwards copies of letters - Diary nos. 6823.
D. 6822 - for note and necessary action.

Subd. P.W.D. I & II (D. 6823 & 6822) are for perusal and orders. A draft letter to S.O. is put up with reference orders at Paras 59 to 61.

The file with the Remarks on issue of draft.

25/4/44

(Issue & Fair copy to be submitted to chief Sy)

25/4/44

Fair draft as revised please.

Fair draft Subd

26/4/44 26/4

26/4/44

Draft letters to the

Chairman S.S. Mills subd for consideration
vide orders at paras 60-62.

Copies of Mr MacFarquhar's letters
dated 15th & 16th April 44 have been sent
to the S.O. as per instructions. Also along
the minutes of the Minister in the letter of 15

Part I: Regarding the minutes of the Min
on Mr. Mc's letter of 15th April it is subd as f

1. The S.S. Mills have stated that
would be satisfied if they are assured of
profit of Rs 1-6-0 per Bb. vide portion
marked A in para 3 of Their chairman's le
of 4.12.43 addressed to the S.O.

2. ~~Reference is invited to para 3 of the~~
~~dated~~ 17.2.43.

4 & 5. The S.O. may be asked to se
necessary proposals in the matter imm
along with a note.

6. The question of the Sale of Silk
of the Filatures to parties indicated by the
central Govt. is a new ~~one~~ one. This will
have to be considered in consultation w
the Filatures & may be discussed at a m
of the S.F.E. Committee which may be convened e
(If approved, the date is for orders).

7. The S.O. may be asked to send a
report regarding this.

Part II. The programme of Mr. M

ut to the SO. He may be asked to send his marks on this immediately indicating if— y changes alterations in the proposed tour rogramme are necessary. As Mr M. will here for about a fortnight the details of i tour + dates of the proposed Conference ay be decided after he comes here.

Mr M. may be treated as a tate guest + necessary arrangements ade during his sojourn here.

Sub'd for perusal & orders.

Chief Secy)

To 26. 4. 44

OFFICE ... MINISTER FOR ... & LAW
27 APR. 1944
No. 6732

Sec's

Dft D.O. letter to the P.S. to M. in

Mr. Kaul for approval.

1/5/44

Secy.

CM

T. The P.S. to Hon'ble Minister
Memo D.O No B 2918 dt 1-5-44
Payments in obtaining of Contractor's Certificate
of C.I. in hiring the Machinery on a
Hire System both in Bangalore & Bijapur

D.O. letter No. A-8/35 dt 29-4-44 from the Asst. Controller of Inspection (Silk). Madhavan Sends a copy of the tour programme of Mr. MacFarquhar, I.C.S.

Memo No. D 6903-5 dt 2/5/44 To, the S.O.; & Fy. D. D. C Sends copies of the tour programme Mr. MacFarquhar.

Telegram dt 28.4.44 from Mr. MacFarquhar accepting the re-arrangement of his programme

D 6932 dt 3.5.44 to Diwan Bahadur Rajamantrapravina K. R. Srinivasaiengar Esq. M.A. Intimates, that the question is under consideration & his Cheques have been issued to the S.E. to make the payments.

Memo 6933 dt 3.3.44 Sends a copy to the S.O. & calls some particulars

Please remind S.O. & get the reports & notes called for — vide minutes of the Hon'ble Minister on Mr. M's letter dt 15.4.44 — & also re: Silk waste.

The following meetings with Mr. M are arranged: Please obtain agendas etc from S.O.

I. 15.5.44 — 3 P.M. — Meeting with Mr. M & Dept. M
II 16.5.44 — 9.30 A.M. — do — — & Flash
III 16.5.44. 3 P.M. ~~Fd~~ Final meeting.

4/5/44

Revising the cost of manufacturing charges etc
Mr. MacFarquhar's visit to Bilare.

Continuation Sheet. File No. Sec 96 of 43-44 Page. 18
Current No. 7008 R.C.I.

Draft of D.O. letter to the S.O. is put up.

S/44.

S/S/57 ucs

S.S. D 7012 of 5/5/44 To, the S.O. F.F. Scheme
quotes him to furnish notes & reports on the points
raised in Mr. MacFarquhar's letter & the minutes of the
ministers R & L. & also to send agenda for the meeting.

Forwards a copy of the 2nd programme
of Th. M.P. Pai I.C.S. Controller of Supplies, South India Circle
Kudiam.

Letter no 7116 dated 8.5.44.
To
The S.O. of S.F. Scheme.

Forwards for information this programme of M.M.P. Pai

Letter no ACS/35 dated 5th May 44 from the Asst. Controller
of Supplies. Bangalore. Forwarding the Agenda for the
meeting of the Silk Conference to be held on 15th instant at Bangalore

Submitted for perusal.

Registrar ucs) 9.5. ucs

Asst Secy) Dy Sec ucs) 10/5

Submitted for perusal.
Chief Secy) 12/5/44

Seen by the Chief Sy
12/5

Seri 96-43 Pte 47. 7203.

Office of the Dewan of Mysore.

O: ER
6 MAY 1944
No. 7030

Bangalore, *Dated* 1st May *1944*.

NOTE.

An extract from the notes received from the Commissioner, Economic Development and Planning, in connection with his recent visit to Delhi, on the subject of higher rates being allowed towards cost of manufacture and profits in respect of filatures supplied by Mysore, and on the question of sending Mysore Filature silk for testing and grading to Calcutta pending the establishment of the local conditioning House, is sent herewith.

By order,

Private Secretary to Dewan.

Submitted to
Chief Secretary

Met Mr. Targett, Director General of Supplies Mr. McFarquhar, his Deputy and Mr. Chanda in connect with the increase in the cost of manufacture and in profits to be given to the Filatures in Mysore. The Cost Accountant, Mr. Ratnam will go to Mysore even before the end of this month, and Mr. Chanda and Mr. McFarquhar will be in Bangalore on the 11th even ing or the 12th morning (May) according to the programme drawn. They will visit Bangalore, Channapatn Kollegal, T. Narsipur and Mysore. Copy of letter written to the Chief Secretary in this connection wa given to me by Mr. McFarquhar and is placed in the file, from which it will be seen that whereas the Government of India may not be inclined to give any higher rate of profit, a higher rate may be given to wards the cost of manufacture.

Mr. McFarquhar suggested that, as the construction of the Conditioning House was being delayed we might perhaps send some of our Filature Silk for testing and grading at Calcutta as we may get a better

price. As it is, Mysore Filature silk was only put in grade 'F' whereas some of the stuff manufactured in Kollegal which was sent to Calcutta for testing was put in grade 'D'. He thought that if we could also send some to Calcutta, the reputation of Mysore silk might go up in the foreign market.

Textiles Factory silk has moved from Delhi

12/5

D.O. Letter No. DDG.9/73/44 dt. 16.5.1944 from Mr. A. MacFarquhar. Thanks the Mysore Govt. for the comfort & courtesy extended to him during his stay in the State.

D.O. No. A.B. dt. 20.5.1944 to Mr. MacFarquhar Sends copies of proceedings of the meeting held on 15.5.1944 between the representatives of Govt. of India & Mysore Govt.

Reply from the Deputy Director General of Supply will be awaited.

D.O. Letter No. 346 dt. 22.5.44 from the S.O. S.F.E. Scheme. Sends copies of proceedings of the meetings held on 15th & 16th May between the representatives of Govt. of India & Mysore Govt.

kcm 23/5/44

23/5

Subd for perusal. Reply from the D.D. Gs. of supply will be awaited.

kcm. — The following draft of a telegram via Subd. as per instructions of the Asst. Secy.

" MacFarquhar, Warsup, New Delhi.

please telegraph confirmation of rate of six rupees per pound silk manufacture charges as decided at meeting Bangalore Sixteenth/Fifteenth May."

4/6.

[illegible] be sent to [illegible] MacFarquhar also to the private [illegible] interests.

[illegible] Dft telegram as in para 106 is [illegible]. Further action [illegible] [illegible] [illegible].

[illegible]

16/160 6/6

OFFICE OF THE MINISTER FOR REVENUE & LAW 8 JUNE 1944 No. 7566.

110) Dft Powers (of mest of 16th May) [illegible] Min Food) 7/6/44

111) [illegible]

112) [illegible] P.Cs [illegible] [illegible] [illegible]

Revision of the cost of manufacturing charges etc – Mr. MacFarquhar's visit to Bangalore. 9/29

113) The addl charges suggested by the D.D.G. Supplies are noted in pencil in the copy of the proceedings as the meeting held on 15.5.1944 (taken by the pore Reporters) and are subd. for approval.

114) Draft of a G.O. raising the Manufacturing r to Rs 6/- per lb. of silk is also subd. for Govt approval or other orders.

Dole in No. 6331 of 19.6.44 for the S.O. finally fix estimates of production of Silk for the current Yr as (1944) etc.

115) The amendments to the record notes suggested by the Dir Genl are for consideration. (vide flax 'x').

6/44. 5/6/44

116) The ~~proposals~~ estimates of production received for the S.O. are for perusal (Ref. para 112) } Dy Dir Genl

Dft G.O. subd for Consideration.

Chief Secy) To 20/6/44

A. I think we may accept the amendments except for some minor alterations in two places: –

i) Pp. 4. The words "admittedly" may be deleted;

ii) Pp. 5. The words "and anticipated no difficulty in making supplies." may be deleted.

3. Dft G.O. for approval –

Min R & D) WO 21/7/44

Secy

118) This was discussed by me with the Min L today. Dfts may be slightly revised as marked in pencil. WO 21/7/44

119) Revised dfts submitted

as per instructions. To rel / Chief Secy)

120) Issue Offrs x Submit.

UO
24/7/44

To rel /

G.O. No. D664-7 / 8 25.7.44 To, the S.O., Comptr., Depty Controller of Supplies (Silk), Controller of Supplies, S.D. Circle, Madras. Rates are manufacturing cost from Rs to Rs 6/- per lb.

D.O. letter No. D668 8 25.7.44 to Mr. Mac-Farquhar. Sends copies of proceedings of the meetings held on 15th & 16th May 44 & accepts the changes stated by the D.D.G of supply with slight changes.

121) Resubmitted with a draft of a D.O. letter to the S.O. for approval.

Sub b. Ch Secy
lcm 26/7/44.

122) Issue at once & Submit.

UO
26/7/44

26/7

D.O. letter No. D692 8 26.7.44 to the S.
Requesting him to take prompt to remedy the defect pointed out by the officers of the Govt. of India ex

123) Resubmitted. to Ch Secy as ordered.

lcm 26/7/44.

124) [illegible]
For personal - letter issued & copy of return letter.

Min R & L / CC UO 26/7/44

125) /CC

MINISTER FOR REVENUE AND LAW.

(16) Two reports of the proceedings of the meeting that I had, on the 15th instant, with Mr. MacFarquhar and other Officers of the Supply Department in regard to matters relat to the production of filature silk in the State are put up f perusal. One report was put up by our Stenographers and the other was prepared by Mr. MacFarquhar and both relate to the same meeting.

(17) The question of compensating the Filatures for the i crease in the cost of manufacture has been satisfactorily settled. We had a meeting on the 16th instant also at which the Filatures were represented. They accepted the offer mad by the Government of India.

(18) There only remains the question of the losses sustai by the Filatures by reason of the lower renditta on actual reeling as compared with the renditta fixed at the markets. This is a matter in respect of which a representation with facts and figures has not been made by the Filatures. The Filatures have been advised to submit their case for examination. On behalf of the Government of India Mr. MacFarquhar said that he would await the views of the Government of Myso on this matter after considering the representation that may made to them.

(19) Reports of the proceedings of the meeting held on th morning of the 16th instant will be sent separately.

Submitted to His Highness.

I submit herewith a Note by the Minister for Revenue and Law coveri the proceedings of the meeting he had with Mr. MacFarquhar and other Offic the Supply Department of the Government of India on the 15th May 1944 in to the production of filature silk in Mysore, for His Highness's gracious

M N Krishna Rau

DEWAN.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

131) Proceedings of the meeting with Mr Farquhar and other Officers of the Supply ment of the Government of India, held on 15th May 1944 in regard to the production ture silk in Mysore.

888 132)

Order.

JRN
24/5/44

SUBJECT :—

134 Proceedings of the meeting with Mr Farquhar and other officers of the Supply D ment of the Government of India, held on th 15th May 1944 in regard to the production c filature silk in Mysore.

(*)

14. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Ministers for perusal after the issue of orders.

16. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after, to the Chief Secretary for circulation to the Ministers.

17. In all other cases, the files will first be circulated to the Ministers at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Council of Ministers for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 14, 16 and 17 of the Subsidiary Rules of the Mysore Government Business Rules.) (*)

Vijayaraghavachary
Chief Secretary to Government.
30/5/44

Through the Secretary to Government,

.....Department.

135

7730/31.5.44 Minister for Revenue and Law. 1.6

136

7780/1/6 Minister for Public Works. 1.6

137

8436/3/6 Minister for Local Self-Govt. and Public Health. 6.6.44

138

7806/7/6 Minister for Industries and Supplies. 2.6.44

139

7988/12/6 Minister for Education. 12/6

Seri

12/6/44

WD 06185—GPB—500—6-4-44

Letter No. M3-8/44 & 1.8.44 from the Chairman, M.S.F. Ltd. T. Narasipur states that they are not accepting clause (e) of the Agt. & 25.7.44 & that the Supply Dept. of the Govt. of India may be addressed to modify the said clause

Letter No. 736-7 & 9.8.44 from the chairman M.S.S. Mills, Ltd. Channapatna: Requests for modification of clause (e) of the Agt. & 25.7.44 & for payment for silk may be made on the basis of actual rendita obtained from the Cocoons.

1(a) The two letters are for perusal. It is stated that clause (e) in the Agt. & 25.7.1944 is not acceptable, erroneous & that the Filatures urged that they should be re-imbursed the actual cost of cocoons, irrespective of the rendita adopted by Cocoon market officers & that the Govt. of India may be addressed for the modification of the said clause, so that payments may be made for the silk supplied by them on the basis of the actual rendita obtained from the Cocoons used by them & not on the basis of a fixed standard rendita of 18:1

1(c) Reference is invited to page 4 of the record notes of discussions of the meeting held on 15/5/1944 and pages 3, 4, 5 & 6 of the record notes of the meeting held on 16.5.1944. As desired by the Deputy Director-General of Supply the Chairman placed the proposals of the Govt. of India before the meeting & one of the proposals was about the price to be paid for cocoons in ~~determining~~ determining the price of silk (vide clause e of the Agt. & 25.7.44). It was represented on behalf of the Filatures that the Filatures should be paid on the actual cost of cocoons

sed to produce silk, as the rendita for obtained was very much higher than that fixed by the markets, that the average cost of cocoons used by all the filatures might be taken for finding out the cost of cocoons used to produce a lb of silk & the rendita obtained in the Govt. Filature Kankanhalli might be used to check the figures of the other filatures & that they may be re-imbursed the loss sustained on account of higher rendita. to this subject was newly brought up for discussion, the I.D.G of Supply suggested that this question may first be examined by the Govt. of Mysore & he further stated that the question of ex-gratia compensation on account the variations in regard to rendita of the cocoons could arise for the period up to the end of June 1944 only that the new method of fixing rendita would work more satisfactorily & that the filatures will have to take arrangements to minimise or avoid losses on is account & stand on their own legs in this matter om 1.7.44 (Page 6)

143 The question of paying ex-gratia mpensation to the filatures on account of higher rendita has been referred to the S.D., for report & his ply is awaited..

m 143 Clause (e) of Para 3 objected to by 8/8/44. both the filatures (T. Nasur & S.S. Pura) is subject of course to the further examination as indicated above, for the period up to 1.7.44. May the two Chairmen be informed as at Para 6(e)?

Yours sincerely Regards the question of marking

under consideration. The S.O's report is awd—
A letter has been addressed to Mr N. Ramarao in that connection pointing out that certain assumptions made by him regarding the Govt accepting the principle & promising reimbursement etc are not in accordance with the decisions at the meeting.

146 The Ept under advertence – Stage – is in accordance with the record notes of discussions approved by this Govt & the Govt of India. This does not preclude the examination of the claims made by the fd alnrs in regard to losses on account of higher rentella but the decision now reached in regard to this matter is that embodied in the Ept.

146 Dft letters to Mr Mactaggart, the chairmen of the Mrs Srlk Mls. Ltd & the S.S. Mills Ltd are subd for consideratn.

Chief Secy 24.8.44

147 may be appd.
Min R & L) HD 29/8/44

148 Received back with instructns. Revised dft to be put up 29/8/44

149 Revised Draft is subd. as per instructns 29/8

150 Subd. for consideratn

Chief Secy 151 may be appd. 30/8/44

3 hm. HD 5/9/44 Min R & L 152 5/9 HD 31/8/44

1559
26 AUG 1944
OFFICE OF THE ACCOUNTANT GENERAL
28 AUG 1944
No. 1402
4 SEPT 1944
No. 1653
1848
31 AUG 1944

Letters No. D 1642-3 dt 11.9.44 to the Chairman, M.S.S.M. Ltd. & Chairman, M.S.F.M. Ltd. T. Narasipuram stating that clause (e) of G.O. dt 25.7.44 is in accordance with the decisions in the matter.

D.O. Letter No. DDGD-139/44 dt 2.9.44 to Mr. MacFarquhar. Regarding amendments in the record note of May discussions.

Letter No. A 100 dt 17.8.44 from the S.O. enquires from which date the provision in the G.O. dt 5.7.44 regarding payment towards cost of cocoons has to be given effect to.

1(a) Reference is invited to this office letter dt 5.7.44 to Mr. MacFarquhar suggesting two amendments the record note of May discussions. He has accepted the first amendment. As regards the second amendment viz. the words "as imperfect market arrangements had admittedly contributed to this" may not be inserted under "IV Revised contract terms", Mr. MacFarquhar states that he would like to omit the said words & that we may agree to differ on this point, if it is beyond acceptance. For orders as regards retention or otherwise of the said words in the record note.

A. I think there is no harm in our accepting this second amendment. 21/9

1(b) The Special Officer requests orders as from which date the price of cocoons has to be paid in accordance with clause (e) of the G.O. dt 25.7.44. And reference is invited to the record notes of the meetings held on the 15th to 16th May 1944. There is nothing in the record notes to suggest from which date clause (e) is to be given effect to. The S.O. states that, according to the discussions, it was intended to be given effect to from July 1943, the date from which manufacturing

'a'

'c' & 'd'

B. It is clear from the context that it was

Record note of May discussions with the officers of Govt. of India. 161

intended to apply this [illegible] 1. SEP. 1944 for all supplies made to be made from July 1943 - the date of the commencement of the contract.

UO
'7

charges are paid at the enhanced rate of Rs 6 ... Submitted to the chief secy for orders as the Asst. Secy is on ...

km 11.9.44.

... is noted for order.

Chief Secy) 10/9.44

(Min R x S) UO 21/9/44

Draft of a letter to the S.O. is put up as instructed personally.

km 22/9 Sec 23/9 Draft submitted above

TO 22/9

Letter No. D 55 of 23.9.44 To, the S.O., Requests him to intimate the basis on which the price of silk is fixed

162 Resubmitted for orders.

km 23/9 Sec 23/9

163 May be submitted to Min RS as marked

Minister RS) TO 24/9/44

164

8/11

UO

10/11/44

TO 11/11

Letter No. A 279 of 7.10.44 from the S.O., S.F.E.S. intimates the procedure adopted in fixing the price of silk supplied to the Govt. of India.

Record notes of May discussions. 1286 1618 2053 2099

Continuation Sheet. Seri File No. / Current No. 96 of 43-44

Letter No. C 236 Dt 5.10.44 from the S.O. furnishes a report with reference to this office letter Dt. 26.7.1944.

165 The record notes of May discussions (15th & 16th) as finally approved are flagged 'N' & 'O'. The words " as in part ..... to this " have been inserted in page 4 of the discussions (15th May) flag 'N' for orders, if the copies of the discussions may be sent to the Special Officer, Deputy Controller of Supplies (Silk). It is for orders whether copies of the Record Notes may also be sent to the private silk reeling Companies. Draft of a letter to Mr. Macarquhar in reply to his letter Dt 2.9.44 is put up for consideration.

166 With reference to paras 157-158 & 160 of the Special Officer reports in his letter Dt 7.10.44 that the cost of cocoons was being fixed with reference to the rate that was in force in the month in which the cocoons for producing the silk were purchased and that in 25.7.44 onwards the price of cocoons is fixed at the rate prevailing in the month in which the silk was delivered. As ordered in paras 158 & 164 the S.O. was intimated that clause (e) of Govt. Dt 25.7.44 would apply to all Supplies made & to be made in July 1943 — the date of commencement of the Act. Draft of a letter to the S.O. is also put up.

167 Reference is also invited to this office D.O. letter No. D 692/Seri 96-43-34 Dt 26.7.44 to the S.O. & his report No. C 236 Dt 5.10.44 in answer to the above letter,

No action is necessary on this letter.

Tem 14.11.1944. — Two dft letters to Mr MacFarquhar + The S.O. sub'd for approval.

The letter of the S.O. dt 5.10.44 is for perusal.

Chief Secy) To 15.11.44.

Fin Sec.

Min (R & D) WO

16/11/44 To 16/11

WO

25/11/44

To

23/11

D. 36 12. Dated 2-12-44.

To,

A. MacFarquhar Esqr. I.C.S. New Delhi.

Informs him that this Govt. has no objection to the retention of the words "as imperfect market arrangements had admittedly contributed to this". in

D 3613. dated 2-12-44. To, the S.A. S.T.E. Scheme.

Informs him that the record notes of discussions of the meetings held on 15th & 16th May 1944 are sent for information & necessary action.

Dft apr.

C. F. 69]

Record Notes of May Discussions.

Continuation Sheet. File No. / Current No. of

Telegram dated the 12th Decr 1944 from the Director-Genl of Supply, New Delhi enquiring if the entire estimated production of Silk could be delivered within December 1944:

Subd. A Reply by wire is expected within a week.

For orders if the Draft letter to Govt may issue.

15/12.

Submit. Today

for Secretary

Issued No. 3959 dated the 15.12.44 to the S.C. I.E.S. requesting to furnish a report on the production Supply of Silk immediately.

Re-submitted as ordered above.

15/12 Submitted for perusal.

The report from the S.C. will be awaited, if approved.

(Chief Secy) for Secretary

Seen. (This must not be lost sight of. Please remind me about this on the 20th (January) when the Spl. Officer comes over to attend the Price matter.)

19/12

for 19/12

Letter No. E-364 dated the 22nd Decr 1944 from the S.C. I.E.S. furnishes a report on the production of Silk in each of the filatures for the period May to end of November 1944.

The letter under Submission contains acceptable reasons for the fall in productions, but promises to stimulate production from Jany 1945.

For perusal & orders approval of draft letter

26/12

Please see reply recd from S.C. today. Please work up & submit with draft reply to Warsup Immediate

for Secretary

O.N.
Please see if there are any other points on which orders are required. Not the file may be closed.
TOR 24.1.45
Sd. There are no other points on which orders are required.
5367

It does not appear necessary to send a telegram now. Dft letter to Dir Genl of Supply is submitted for consideration.

Chief Secy TOR 24/1/45

Dft letter approved. Issue.

WO
3/1/45
TOR 4/1

Issued No. 4367 dated 6.1.45.

To the Director-Genl of Supply, Govt of India, N. Forwards copy of letter No. E364 received from the S.O. on the production of silk.

Telegram from 'Supstext' New Delhi dated 5.1.45 requesting reply to their telegram dated the 12th Dec 44 on the production of silk.

Subd: Our reply to the telegram on the question of production of silk was issued today. Hence no further action seems necessary.

If approved, the file will now be closed as ordered above.

5366 TOR 8/1

Why is this sent to me again? TOR 16/1/45

TOR 17/1/45

...e Mysore Spun Silk Mills, Ltd.

FACTORY: CHANNAPATNA.

Iwan Bahadur
'ASIEGAR, M.A.
YSORE EXECUTIVE COUNCIL)
IRMAN.

FIFTH ROAD, CHAMARAJPET,
BANGALORE CITY

4th December 1943

Dear Sir,

I send herewith for the perusal of Government a copy of my letter of even date addressed to Mr. H.S. Govinda Rao, Special Officer, Filature Expansion Scheme, to his Delhi address. The letter deals with the urgent need for getting the price formula fixed at present for Filature silk revised in the light of recent increase in costs on the several items forming part of manufacturing charges.

I shall be obliged if you will kindly also have a suitable communication sent to Mr. Govinda Rao from Government asking him to press the case upon the Government of India while at Delhi and obtain their consent to a revision of the price formula as suggested in my letter.

Yours sincerely,

V. Vedayasacharya, Esq., B.A.,
Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
BANGALORE.

manufacturing charges (after giving due credit for training charges for which we are getting some payment under our agreement with the government and also for the value realised by sale of silk wastes, double cocoons etc.) have now mounted up to nearly Rs.7/- per lb. as against Rs.3/- only provided in the agreement. Among the chief items that have contributed to this increase of Rs.4/- per lb. wages and dearness allowances account for about Rs.0-4-0 per lb.; and transportation charges and various other items have gone to make up the balance. The increases in costs under the various heads are altogether due to causes beyond our control and the situation has become so grave and critical for us that it is quite necessary to take them into account and make adequate provision therefor if the filature is to continue working successfully.

2. Though under the terms of the agreement the flat rate of Rs.3/- per lb. allowed for manufacturing charges is made subject to adjustment in relation to any variation in dearness allowance or other rises, we wish to strongly and respectfully urge for the consideration of our government as well as the Government of India that when there has been an abnormal and extraordinary rise in other items of expenditure owing to causes which are beyond our control and could not have been foreseen at the time of the execution of the agreement, and which cannot possibly be avoided in spite of our best efforts to secure economy in all manner of ways, a liberal and equitable interpretation should be given to the agreement and it should not be construed in the strict terms of its wording.

3. As you are quite aware, the present market price of
rdinary charka silk is well above Rs.3b/- per lb. and the f
ture silk would easily fetch a price above Rs.60/- in the
lian market. If, nevertheless, we have undertaken to su
ur silk to the Government of India at very much lower rate
counting to only about 50 per cent of the market rate--we
o with the object of contributin our mite to help in the
ffort; and we beg that for this sacrifice on our part, w
hould not be subjected to heavy loss over the business esp
ially as we feel that it could not possibly have been the
ention of the Government of India to so penalise us for ou
acrifice. As we are quite incapable of standing the loss
e are now undergoing (which amount to Rs.4/- per lb. at pre
nd may go on further increasing for ought we know), we req
ou to place the above facts before our Government and the
ernment of India and have the terms of our agreement liber
nterpreted or suitably revised, if need be, so as to provi
or a suitable increase on all items of expenditure which a
eyond our control and which it may be impossible for us to
eep down in spite of our best efforts to do so; as otherwi
e are afraid we may be placed in the painful position of b
bliged to stop further production and close down the Filat
hus defeating the object for which it was brought into exi
nce.

4. It may also be mentioned in this connection that t
ther realitta obtained from south to north for sweeting p
as been due to poor quality of cocoons coming to markets a
ompared with previous months on account of the existance
black

black markets which draw good cocoons leaving inferior grade to our lot. This could, of course, be mitigated by resorting to more severe action against low breakers as suggested in a separate communication which I have addressed to the Chief Secretary to Government on the subject in conjunction with the Chairman of the Mysore Silk Filatures, Ltd., Kumarasipur; but till the supply of good cocoons to Filatures is restored the rendita is bound to remain at a high level and we feel strongly that till then the Filatures ought to be compensated and protected against any loss caused to them on account of the inadequacy or slackness of control over the Cocoon Markets.

5. In conclusion we beg to assure you that in making this appeal to you we have no desire to make any undue or excessive profit over the business. We shall be perfectly satisfied if we are assured of a profit of Rs.1-6-0 per lb. after meeting all reasonable charges (whether explicitly specified in the agreement or not) according to the original intention of Government and this is all that we desire. For this purpose, we are prepared to place all our account books unreservedly before any officer deputed by our Government or the Government of India to satisfy them about the correctness and reasonableness of the charges claimed by us. We request you in the circumstances, once more to kindly urge the above mentioned points before our Government and the Supply Department of the Government of India with a view to our reasonable request being granted.

Thanking you,

" Copy "

Yours faithfully,

(Sd) K.R. SRINIVASIENGAR

Chairman

THE MYSORE SPUN SILK MILLS, LIMITED., (FILATURE DEPARTMENT), CHINNAPATNA.

ANALYSIS OF COST OF MANUFACTURE OF RAW SILK FROM JANUARY 1943 to OCTOBER 1943 PER LB OF RAW SILK

PARTICULARS	January 1943	February 1943	March 1943	April 1943	MAY 1943	June 1943	July 1943	August 1943	September 1943	October 1943
AVERAGE RENDITTA	19.63	18.73	18.9	18.15	17.0	17.0	19.2	20.6	21.25	22.1
I. COST OF RAW MATERIALS PER LB OF S I L K.Rs.	24- 0- 4	25-8- 10	29- 5- 4	29- 6- 9	31-11- 4	37- 4- 5	16-11- 3	17- 7- 8	19- 9- 5	21- 3- 2
II MANUFACTURING C H A R G E S:										
a. Direct charges:										
1. Wa g e s	1- 9- 5	1-10- 1	1-15- 1	1- 9- 0	1- 9- 0	1- 9- 4	1-11- 3	1-14- 8	2- 0- 8	2-10- 3
2. Dearness allowance	0-12- 5	0-13- 8	1- 7- 1	0- 11-0	1- 4- 4	1- 1- 5	1- 4- 3	1- 8- 8	1- 8- 8	1-15- 8
3. Factory salary ..	1- 9- 0	1- 12- 7	3- 8- 6	1-13- 4	1-10- 4	1- 6- 0	1- 3-11	1- 6- 8	1-10- 1	1-10- 3
4. W a t e r	0- 2- 8	0- 2- 7	0- 1-11	0- 1- 7	0- 2- 1	0- 1- 2	0- 2- 3	0- 2- 3	0- 1- 3	0- 0-11
5. S t e a m	0- 4- 9	0- 4- 2	0- 4-11	0- 3- 7	0- 3- 5	0- 3- [illegible]	0- 2- 7	0- 2- 8	0- 3- 0	0- 3- 4*
6. Electric Power...	0- 1- 1	0- 1- 0	0- 1- 7	0- 0-10	0- 0- 8	0- 0- 6	0- 0- 4	0- 0- 6	0- 0- 6	0- 0- 7
7. Transportation...	0- 0- 2	0- 0- 4	0- 1- 7	0- 0- 1	0- 0- 5	0- 0- 2	0- 0- 0	0- 0- 8	0- 0- 7	0- 0- 9
8. Repairs & Renewals	0- 3- 0	0- 0- 2	0- 2- 8	0- 1- 5	0- 6- 5	0- 2- 8	0- 1- 2	0- 3- 5	0- 8- [illegible]	0- 8- 3
b. Indirect charges:										
1. Management.....	0-12-11	0-12-11	1- 7- 6	0- 11- 3	0- 9- 5	0- 6- 7	0- 5- 4	0- 6- 6	0- 7- 3	0- 9- 7
2. Depreciation.....	0- 6- 4	0- 6- 4	0-11- 1	0- 4-11	0- 4- 1	0- 3- 0	0- 3- 0	0- 3- 5	0- 3- 6	0- 4- 0
3. War Risks Insurance	0- 1- 9	0- 1- 9	0- 3- 2	0- 1- 6	0- 1- 2	0- 1- 11	0- 2- 2	0- 2- 4	0- 3-11	0- 3- 3
4. Printing, Stattionery Postage and contingencies.....	0- 2- 4	0- 1- 8	0- 7- 5	0- 2- 0	0- 1- 5	0- 4- 4	0- 4-11	0- 4- 8	0- 7- 3	0- 6- 3
Total Manufacturing charges.	6-1- 10	6- 3- 3	10- 8-6	5-12- 6	6- 4- 9	5- 8- 1	5-14- 2	7- 1- 5	7-14-11	9- 2-1

DEDUCT FROM ABOVE.

edit for Silk s to return.	1- 5- 0	1- 4- 3	1- 1- 9	1- 3- 4	1- 1- 8	1- 5- 9	1- 0- 3	1- 0- 3	1- 5- 5	1- 2- 0
TOTALS OF A & B.	2-13- 5	2-12-10	4- 1- 3	2- 7- 9	2- 3- 3	2- 1-10	2- 1-11	2- 3- 0	2- 2-10	2- 1- 9
COST OF PRODUCTION.	3- 4- 5	3- 6- 5	6- 7- 3	3- 4- 9	4- 1- 6	3- 6- 3	3-12- 3	4-14- 5	5-12- 1	7- 0- 4

/-

* As Steam is supplied to the Filature from the boiler of the Spun Silk Factory, the charge for fuel is not separately shown. But as the price of fuel is steadily increasing from day to day, the charge for steam will undergo a corresponding increase.

Manager,
Mysore Spun Silk Mills Ltd.

Mysore Silk Filatures, Limited

Seri 06/43

SEVAPRASAKTA
N. RAMA RAO, B.A., B.L.
CHAIRMAN

176/1, Subbaramachetty
Road, Basavangudi,
Bangalore, 30th Novr. 1943.

Dear Mr.Vedavyasacharya, 3866.

I enclose for favour of submission to Government, copy of a letter I have sent to Mr.H.S.Govinda Rao C/O The Director General of Supplies, New Delhi.

I beg that Government may be moved to support strongly our request for the guarantee of a reasonable profit, taking into account the steep and unavoidable increase in the costs of manufacture. I need not say this is a matter of life or death to us, and to the other private Filature interests.

Seri

Yours sincerely,

xxx

N Rama Rao

V.Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Govt.
of His Highness the Maharaja
of Mysore, B A N G A L O R E.

The Mysore Silk Filatures, Limited
T. NARASIPUR

VAPRASAKTA
RAMA RAO, B.A., B.L.
CHAIRMAN

Ref. No.....

176/1, Subbaramachetty Road, Basavangudi,
Bangalore. 30. 11. 1943.

The Special Officer,
Silk Filature Expansion Scheme in Mysore,
C/O. R.W.Targett, Esq., I.C.S.,
Director General of Supplies, NEW DELHI.

Dear Sir,

When the formula for the determination of price of filature silk was evolved it was thought that a flat rate of Rs.3/= per lb. would cover all manufacturing charges. At that time nobody could foresee how rapidly and violently the various constituents of that charge, such as wages, fuel, cost of transport and dearness Allowance would leap up.

The netmanufacturing cost which was round about Rs.3/= at that time has actually risen to Rs.6-8-7 in October and is still going up, the principal items responsible for the rise being wages, fuel and transport. These are obviously items beyond our control.

We enclose herewith a statement showing the progressive increase in actual net manufacturing charges from ~~January~~ March 1943. These are our audited figures and absolutely accurate.

We submitted these facts to Messrs.Tosh and Targett when they were here. They understood the situation; and our impression is that they were prepared to consider sympathetically any reasonable representation that we might make. We urged that we might be guaranteed a reasonable percentage of profit over the actual cost of production as ascertained from time to time, and stated that we would be satisfied with 10%, the rate previously agreed upon, though this is far lower than the profits in other textile industries, and the profits we ourselves would certainly have made if we had consulted our own interests instead of agreeing to serve

The Mysore Silk Filatures, Limited

T. NARASIPUR

RAJASEVAPRASAKTA
N. RAMA RAO, B.A., B.L.
CHAIRMAN

Ref. No......

SHEET TWO .....194 .

serve the country. We believed that this suggestion was al favourably viewed, though of course there was no definite assurance on the subject.

Stated plainly the present position is this:

The previous formula has become inapplicable owing tc causes beyond our control: and if it should be applied we would, in manufacturing charges alone, be suffering a net los of Rs.3/8 to Rs.4/= per lb. Added to this, the rendita adopte in the formula, namely, 18:1 is at variance with fact.

We are sure that the Government of India would sympathetically consider our very reasonable request, namely, that the great and unavoidable increase in the manufacturing costs should be allowed for in the price. We are confident that it cannot be their intention that we, who have come forward in a spirit of service to manufacture a prime materia of war, should incur certain ruin, for it really means nothing less to us. What with the rise in rendita and what with the rise in manufacturing charges we would be losing at least Rs.1 for every pound of silk we manufacture. No concern can sust loss to this extent and survive; and we have to consider our duty to our Shareholders.

We hope that you will urge all these points and secure a revision of the price formula.

We gratefully remember that on a previous occasion wher we were threatened with heavy loss, owing to an unavoidable ri in cost, the Government of India were pleased, in view of the circumstances, to raise the price by about Rs.8/=, being the extent of the increase.

Yours sincerely,
Sd. N.Rama Rao

ss.

"COPY"

AR 30 11 43

THE MYSORE SILK FILATURES, LTD
T. Narasipur.

Rendita Statement from March to October 1943.

March	18.14
April	18.64
May	17.78
June	18.00
July	22.00
August	23.00
September	22.19
October	25.17

THE MYSORE SILK FILATURES, LTD., T.NARASIPUR.

COST FOR THE MANUFACTURE OF ONE LB. OF SILK FROM MARCH TO OCTOBER 1943.

Particulars	March			April			May			June			Jul			August			September			October		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
1. Wages & Salary (including Dearness Allowance)	3	0	1	3	1	2	3	11	8	3	7	4	4	11	4	4	9	3	4	12	5	5	3	9
2. Fuel	0	6	3	0	8	1	0	6	8	0	7	1	1	0	6	1	3	3	1	1	0	1	3	9
3. Transport on R.C.	0	2	4	0	2	11	0	5	0	0	5	5	0	7	7	0	5	5	0	10	0	0	12	2
4. Other expenses (such as General charges, repairs, renewals & T.A., etc.)	0	6	2	0	6	10	0	6	6	0	8	11	0	12	4	0	11	7	0	12	9	0	9	0
5. Indirect Charges(such as Fire & War Risk Insurance, Depreciation Interest on loan, Managing Agents Remuneration & Industrial Adviser's Honorarium, etc.	0	15	8	0	15	9	1	1	2	1	2	0	1	10	1	1	3	6	1	7	2	1	7	10
Total	Rs. 4	14	6	5	2	9	5	15	0	5	14	9	8	9	10	8	1	0	8	11	4	9	4	6
Less Realisation from Silk Waste, Double Cocoons, etc.	2	1	3	1	13	0	1	15	6	1	12	10	2	7	2	2	11	0	2	12	4	2	11	11
Net cost of manufacture per lb. of silk.	Rs. 2	13	3	Rs.3	5	9	Rs.4	1	6	Rs.4	1	11	6	2	8	5	6	0	5	15	0	6	8	7

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3919.

GOVERNMENT OF MYSORE.

Seri 96/43

DEPARTMENT OF SERICULTURE.

S. GOVINDA RAO, B.A.,
Special Officer.

OFFICE OF THE SPECIAL OFFICER,
SILK FILATURE EXPANSION SCHEME IN MYSORE,
No. 162, VANI VILAS ROAD,
Basavangudi P. O., dated ..... 194 .

OFFICE OF THE ... SILK ... SCHEME
For Reference
3 - DEC 1943
No. 3255

Calcutta. 28-11-43.

Dear Mr Vedavyasachya,

Ref Mr Kemsal
To 3/12/43
RTH

I reached Madras on 25th morning, and met Mr Pai in his office. He has promised to arrange supplies of coal immediately. I have also requested him to issue to supplies of motor tyres shortly on receipt of formal application from his Residency. Mr Pai will be in Delhi on 7th Dec.

I reached Calcutta at 2.30 pm on 27th. Mr Peregrine met me in his Rly Car and told me that Mr Hill, Mr Dean and Mr Goddam were in Calcutta and wished to meet me. There are the three people who Mr Tarsh said would come from W.M.G. to see about silk supplies etc. Mr Dean is a weaver and Mr Goddam said he was connected with filatures in Syria. I met all the three people in Great Eastern Hotel at 7 pm on 27th & had about 2 hours talk with them. Capt Hill and Mr Dean are reaching Madras on the 2nd and are reaching Bangalore on 6th. They intend staying in Bangalore till 11th idendify a visit to Mysore to see the silk weaving factory.

They have no idea of Delhi weather and Madras work
with the Mysore I have suggested to them to see the
Delhi Fair, Delhi to Ty Secretariat Madras also so that
they may have a complete picture from which Sir
has written to Ramakrishna Iyer about his visit and I
expect he will take him round. You may kindly phone
up Mr. Venkateshwar also re his visit to Delhi Fair
and to Ramesh re visit to Madras at Mysore.
people Generally Capt Hill seems to be rather ~~optimistic~~
pessimistic. I have told Mr Menon that he should not
take notice of Ramanna & have started it at
Trivandrum and Madras. I believe Mr Pai
will write to you re kindly accommodation for him
in Bangalore and Mysore.

Mr Goddam, Capt Pregrine and I would
be visiting the Madras re Berhampore on 30th night & 31st
& Goddam would be in Coimbatore and would attend the
Conference in Delhi on 8th. Then he proceeds to Bangalore
and Mysore to see the Madras, Show Hills etc.]

I am keeping fit.

Yours sincerely

H.D. Thimmaiah

Vedavyasachappa Esq B.A.,

N MYSORE GOVERNMENT SERVICE

Vedavyasacharya Esq B.A.,
Chief Secretary to Govt
of Mysore,
Public Offices,
Bangalore

S. India

Special Officer,
Filature Expansion Scheme
in Mysore, Bangalore.
Camp Calcutta.

The Mysore Spun Silk Mills, Ltd.

FACTORY : CHANNAPATNA.

4034/Sc 46

Rajasabhabhushana Diwan Bahadur
K. R. SRINIVASIEGAR, M.A.
(RETIRED MEMBER OF MYSORE EXECUTIVE COUNCIL)
CHAIRMAN.

FIFTH ROAD, CHAMARAJPET.
BANGALORE CITY

4th December 1943

OFFICE OF THE MINISTER FOR REVENUE & LAW
10 DEC 1943
No. 3424

Dear Mr Ananthuramen

I send herewith for your perusal a copy of the letter which I have sent to Mr. H.S. Govinda Rao, Special Officer, Filature Expansion Scheme, to his Delhi address in the matter of enhancing the manufacturing charges of Rs.3/- per lb. - allowed to us by Government for the filature silk delivered by us for to the Government of India. I have sent a copy of the letter to the Chief Secretary also.

I request you to kindly write to Mr. Targett yourself as you kindly offered to do the other day and help in getting the rates revised as requested in my letter.

With regards

Yours sincerely,

K. Srinivasiengar

Rajamantrapravina
K. V. ANANTARAMAN, ESQ., B.A.,
Minister for Revenue and Industries,
BANGALORE.

The Mysore Spun Silk Mills, Ltd.

TEL. ADDRESS: "SPUNSILK"
CODE USED: BENTLEY'S SECOND

CHANNAPATNA
(MYSORE STATE)

Ref. No.....

Dated 4th December 194[illegible]

H.S. Govinda Rao, Esq., B.A.,
Special Officer, Silk Filature Expansion Scheme in Mysc
C/O. R.W. Targett, Esq., I.C.S., Director General of
Supply, NEW DELHI.

Dear Sir,

Subject:- Revision of manufacturing charges of raw silk

According to Clause 3 (b) of the agreement entered intc between this Company and the Government regarding the supply filature silk to the Supply Department of the Government of India under the Filature Expansion Scheme, we are allowed a rate of Rs.3/- per lb. of raw silk as manufacturing charges, subject to adjustment upwards or downwards in relation to a variation in the rate of dearness allowance or war risks insurance premia. Since then, circumstances have so entire altered that a revision of the terms relating to manufactur charges is urgently called for to save us from certain ruin These charges have been steadily growing from day to day, o not only to increase in wages and dearness allowances of th employees but also owing to abnormal and extraordinary incr in the prices of fuel, transport charges and other items of expenditure. It will be seen from the enclosed statement the details of costs from January 1943 till the end of Octob 1943 that the net manufacturing charges (after giving due credit for training charges for which we are getting some p ment under our agreement with the Government and also for t

v

value realised by sale of silk wastes, double cocoons etc.) have now mounted up to nearly Rs.7/- per lb. as against Rs.3/- only pro in the agreement. Among the chief items that have contributed t this increase of Rs.4/- per lb., wages and dearness allowances ac for about Rs.2-4-0 per lb., and transportation charges and variou other items have gone to make up the balance. The increases in costs under the various heads are altogether due to causes beyond our control and the situation has become so grave and critical as for us that it is quite necessary to take them into account and m adequate provision therefor if the Filature is to continue workir successfully.

2. Though, under the terms of the agreement, the flat rat of Rs.3/- per lb. allowed for manufacturing charges is made subjec to adjustment in relation to any variation in dearness allowance war risks premia, we wish to strongly and respectfully urge for t consideration of our Government as well as the Government of Indi that when there has been an abnormal and extraordinary rise in ot items of expenditure owing to causes which are beyond our control could not have been foreseen at the time of the execution of the agreement, and which cannot possibly be avoided in spite of our b efforts to secure economy in all manner of ways, a liberal and equitable interpretation should be given to the agreement and it should not be construed in the strict terms of its working wordi

3. As you are quite aware, the present market price of ord nary charka silk is well above Rs.35/- per lb. and the filature si would easily fetch a price above Rs.50/- in the civilian market. Nevertheless, we have undertaken to supply our silk to the Govern of India at very much lower rates amounting to only about 50 per cent of the market rate--we did so with the object of contributin

our

THE MYSORE SPUN SILK MILLS LIMITED, FILATURE DEPARTMENT, CHANNAPATNA.

ANALYSIS OF COST OF MANUFACTURE OF RAW SILK FROM JANUARY 1943 to OCTOBER 1943 PER LB OF RAW SILK.

Particulars:	January 1943	February 1943	March 1943	April 1943	May 1943.	June 1943	July 1943	August 1943	September 1943	October 1943.
AVERAGE RENDITTA:	19.63	18.73	18.9	18.15	17.0	17.0	19.2	20.6	21.25	22.1
COST OF RAW MATERIALS PER LB OF SILK:Rs.	24- 0- 4	25- 8-10	29- 5- 4	29- 6- 9	31-11- 4	37- 4- 5	16-11- 3	17- 7- 8	19- 9- 5	21- 3- 2
I. MANUFACTURING CHARGES:										
a) Direct Charges:										
1. Wages:	1- 9- 5	1-10- 1	1-15- 1	1-9- 0	1- 9- 0	1- 9- 4	1-11- 3	1-14- 8	2- 0- 8	2-10- 3
2. Dearness allowance:	0-12- 5	0-13- 8	1- 7- 1	0-11- 0	1- 4- 4	1- 1- 5	1- 4- 3	1- 8- 8	1- 8- 8	1-15- 8
3. Factory salary:	1- 9- 0	1-12- 7	3- 8- 6	1-13- 4	1-10- 4	1- 6- 0	1- 3-11	1- 6- 8	1-10- 1	1-10- 3
4. Water:	0- 2- 8	0- 2- 7	0- 1-11	0- 1- 7	0- 2- 1	0- 1- 2	0- 2- 3	0- 2- 3	0- 1- 3	0- 0-11
5, Steam:	0- 4- 9	0- 4- 2	0- 4-11	0- 3- 7	0- 3- 5	0- 3- 0	0- 2- 7	0- 2- 8	0- 3- 0	0- 3- 4
6. Electric Power :	0- 1- 1	0- 1- 0	0- 1- 7	0- 0-10	0- 0- 8	0- 0- 6	0- 0- 4	0- 0- 6	0- 0- 6	0- 0- 7
7. Transportation:	0- 0- 2	0- 0- 4	0- 1- 7	0- 0- 1	0- 0- 5	0- 0- 3	0- 0- 9	0- 0- 8	0- 0- 7	0- 0- 9
8. Repairs & Renewals:	0- 3- 0	0- 0- 2	0- 2- 8	0- 1- 5	0--6- 5	0- 2- 8	0- 1- 2	0- 3- 5	0- 8- 3	0- 8- 3
b) Indirect charges:										
1 Management:	0-12-11	0-12-11	1- 7- 6	0-11- 3	0- 9- 5	0- 6- 7	0- 5- 4	0- 6- 6	0- 7- 3	0- 9- 7
2 Depreciation:	0- 6- 4	0- 6- 4	0-11- 1	0- 4-11	0- 4- 1	0- 3- 0	0- 3- 0	0- 3- 5	0- 3- 6	0- 4- 0
3 War Risks Insurance:	0- 1- 9	0- 1- 9	0- 3- 2	0- 1- 6	0- 1- 2	0- 1-11	0- 2- 2	0- 2- 4	0- 3-11	0- 3- 3
4 Printing, Stationery Postate & Contengencies:	0- 2- 4	0- 1- 8	0- 7- 5	0- 2- 0	0- 1- 5	0- 4- 4	0- 4-11	0- 4- 8	0- 7- 3	0- 6- 3
Total Manufacturing Charges:	6- 1-10	6- 3- 3	10- 8- 6	5-12- 6	6- 4- 9	5- 8- 1	5-14- 2	7- 1- 5	7- 14-11-	9- 2- 1
DEDUCT FROM ABOVE.										
A TRAINING CHARGES:	1- 8- 5	1- 8- 7	2-15- 6	1- 4- 5	1- 1- 7	0-12- 1	0-11- 8	0-12- 9	0-13- 5	0-15- 9
B Credit for silk Waste return:	1- 5- 0	1- 4- 3	1- 1- 9	1- 3- 4	1- 1- 8	1- 2- 9	1- 6- 3	1- 6- 3	1- 5- 5	1- 2- 0
TOTAL OF A & B.	2-13- 5	2-12-10	4- 1- 3	2- 7- 9	2- 3- 3	2- 1-10	2- 1-11	2- 3- 0	2- 2-10	2- 1- 9
NET COST OF PRODUCTION:	3- 4- 5	3- 6-5	6- 7- 3	3- 4- 9	4- 1- 6	3- 6- 3	3- 12-3	4-14- 5	5-12- 1	7- 0- 4

Immediate.

4th Decr.,

Dear Sir,

Dear Mr. Venkata Rao,

I am desired to forward herewith for favour of immediate necessary action extracts from letter dated (Calcutta) 28th November 1943 from Mr.H.S.Govinda Rao, Special Officer on deputation in Northern India.

I am to request you to kindly inform Mr.N. Rama Rao and the other private Filature Interests participating in the scheme suitably, ~~if necessary.~~

The receipt of the letter may be kindly acknowledged.

Yours sincerely,

To
H.S.Venkata Rao, Esq., B.Sc.,
Special Officer F.E.S.(In charge), Bangalore.

&
E.V.Ganapathi Iyer,Esq., B.Sc.,
Government Director. (Except 2nd para)

Extract from letter dated (Calcutta) 28-11-43 from Mr.H.S.Govinda Rao to the Chief Secretary to Govt.

I reached Calcutta at 2.30 P.M. on 27th. Capt. Peregine met me in the Railway Station and told me that Capt Hill, Mr. Dean and Mr. Goddam werein Calcutta and would like to meet me. These are the three people who Mr.Targe had told us would come from H.M.G. to see about silk supplies etc. Mr.Dean is a weaver and Mr. Goddam said he was connected with filatures in Syria. I met all the three people in Great Eastern Hotel at 7 P.M. on 27th and had about 2 hours talk with them. Capt. Hill and Mr. Dean are reaching Madras on the 2nd and are reaching Bangalore on 6th. They intend staying in Bangalore till 11th including a visit to Mysore to see the Silk Weaving Factory. They have no idea of silk worm rearing and filture work. While in Mysore, I have suggested to him to see the Silk Farm, Silk Testing Section and the filature also so that they may have a complete picture of the industry. Mr.Pai has written to Mr. Ganapathi Iyer about the visit and I expect he will take them round. You may kindly phone up to Mr.H.S.Venkata Rao also regarding the visit to Silk Farm etc and to Mr. Rama Rao regarding visit to Filature

at Mysore. These people specially Capt.Hill seem to l
rather pessimistic.

x x x

Mr.Goddam, Capt.Peregrine and I would be visiting the Filatures regarding Berhampore on 30th instant and 1st December. Mr. Goddam would be in Cawnpore an would attend the Conference in Delhi on 8th. Then he proceeds to Bangalore and return Mysore to see the fil Spun Silk Mills etc.

)ear Sir,

I am desired to acknowledge receipt of your ,etter dated Calcutta, 28th November 1943 addressed ;o Mr.V.Vedavyasacharya, Chief Secretary to Govt, ~~(who is on casual leave owing to indisposition).~~

I am to request you to arrange to interview)y appointment, Sir A.Ramaswamy Mudaliar, Supply Member to the Govt. of India, after you have finishe your discussions with Mr.Targett and other officers)f the Govt. of India, as contemplated, and explain to him the progress ~~made in~~ achieved under the S.F.E.Scheme, the difficulties that ~~we~~ have been experiencing in this connection and the assistance required ~~from~~ of the Govt. of India in the matter.

I am also to invite your reference to the lette dated 30-11-1943 from Mr.N.Rama Rao, Chairman of the Mysore Silk Filatures, Ltd., addressed to you, re: ~~the necessity for~~ increasing the rate of manufactur charges etc., and to advice that this matter may a be explained to Sir A.Rama Swamy Mudaliar, mentioni the hardship that is likely to be caused to the Pri Filature Interests if the guaranteed profit anticip ted ~~, when the private interests~~ when at the time of their agree to particip in the Expansion Scheme, is not realised and to urge for ~~a~~ the necessity for reasonable enhancement in the rates in vi of the facts + further developments ~~narrated~~ brought to notice by Mr.Rama Ra in his letter.

Necessary instructions have been given to Mr.H.S.Venkata Rao and Mr.E.V.Ganapati Iyer, in the matter of the visit of Captain Hill & party to Yers

Yours sincerely

q.,B.A.,
Sc.,
utherland & Co.,Ltd.
.B.No.21, Cawnpore.

P. S. I am writing this letter under
instructions of the Maharishi Rsi
as Mr Vedamayachary is on Camp
tour and is to visit ...

GENERAL AND REVENUE SECRETARIAT,

Dated Bangalore, ...3rd..December...1943.

My dear Sir

I am desired to acknowledge receipt of your letter dated, Calcutta, 28th November 1943, addressed to Mr.V. Vedavyasacharya, Chief Secretary to Government.

I am to request you to arrange to interview by appointment, Sir A.Ramaswamy Mudaliar, Supply Member to the Govt. of India, after you have finished your discussions with Mr.Targett, and other officers of the Govt. of India, as contemplated, and explain to him the progress achieved under the Silk Filature Expansion Scheme, the difficulties that have been experienced in this connection and the -- assistance required of the Govt. of India in the matter.

I am also to invite your reference to the letter dated 30-11-1943 from Mr.M.Rama Rao, Chairman of the Mysore Silk Filatures, Ltd., addressed to you, regarding increasing the rate of manufacturing charges etc.,. and to advise that this matter may also be explained to Sir A.Ramaswamy Mudaliar, mentioning the hardship that is likely to be caused to the private Filature Interests, if the guaranteed profit anticipated at the time of their agreeing to participate in the Filature Expansion Scheme, is not realised and to urge for the necessity for reasonably enhancing the rates ~~x~~ in view of the facts and further developments brought to notice by Mr.Rama Rao in his letter.

Necessary instructions have been given to Mr.H.S.Venkata Rao and Mr.E.V.Ganapati Iyer, in the matter of the visit of Captain Hill and party.

M. S.
for
3/12/43

P.S.
I am writing this letter under the instructions of the Minister for Rev. & Law, as Mr.Vedavyasacharya is on casual leave owing to indisposition.

H.S.Govinda Rao, Esq., B.A.,
Care of R.W.Targett, Esq., B.I.E.,
Director-General of Supply,
Shahajahan Road, New Delhi.

tract from the Proceedings of the Sixth Meeting of the F.E-Committee held on 23-11-1943.

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x x x x x x x

V. The subjects proposed by Mr.K.Shamsuddin Khan were then taken up.

x x z z

(2) Question of revision of the basic manufacturing charges now fixed in view of recent increases in pricesof fuel, coal, etc.,.

Mr.N.Rama Rao stated that the manufacturing charges per pound of silk as agreed to between the Govt. of India and Govt. of Mysore at the time of entering into agreement have since doubled and urged for revision of the amount payable by the Govt. of India towards manufacturing charges.

The Chairman enquired as to what were the main items that were responsible for the increase in manufacturing charges:-

Mr.N.Rama Rao explained that fuel, coal and labour were the main items, the prices of which had increased abnormally.

Mr.K.R.Srinivasiengar was of the same opinion and said that revision of manufacturing charges was justified.

The Chairman said that the Mysore Silk Filatures and the Mysore Spun Silk Mill,sLtd., may prepare a detailed note on this subject bearing in mind all the items that go to make the increase in cost of production of silk and send a copy to the Special Officer, while he was at Delhi and also submit a copy for the information of Govt. He said that after examining the details, the Govt. of India would be requested to send down their Cost Accounts Officer to examine this question.

The Chairman observed that similar action might also be taken as regards capital grant, as the capital expenditure worked out at the time of the agreement should have similarly increased.

x x x xx

Extract from the tour notes of Mr.H.S.Govinda Rao, Special Officer, S.F.E.Scheme, Bangalore, (25th Nov. to 16th Dec. 1943)

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x x x x x

(b) Revision of the cost of manufacture of silk (Rs.3/- per pound at present). This question also was discussed in presenc of Mr.Ratnam. Mr.Govinda Rao's point of view is that costs of fuel, wages, transport etc. had gone up in the meantime and that thecost of manufacture should be revised so as to assure the profit of Rs.1-6-0 per pound to the private filatures. We were given to understand by Mr.Govinda Rao that Mysore Govt. would shortly address us officially on this subject. We may await Mysore Government's recommendation on receipt of which it will be examined by Mr.Ratnam.

x x x

The Director-General of Supply agreed that the --- manufacturing costs should be revised in view of the recent developments and that he would depute the Deputy Financial Adviser to examine the cost s as soon as the formal reference reached him from Mysore Government.

At the instance of the D.G.S., the cost sheets of the private filatures were handed over to Mr.Ratnam, Deputy Financial Adviser and Mr.T.S.Pillay, Dy.Director-General(I) made notes regarding increased costs, supply of motor vehicles ..... for taking further action.

I had an interview on 10th for over half an hour with Hon'ble Sir A.Ramaswami Mudaliar, Supply Member and explained to him the difficulties of the Filature interests, the importance of the silk industry etc.,. The Hon'ble Member saw the cost sheets and promised to help the filature interests. He also stated that the silk industry should not only be protected but should be carefully nursed after the war as it was of great importance to India and to the Empire. He said that the cost of silk to be supplied for war purposes should be on cost plus profitsbasis and that when the matter went to him he would consider the question sympathetically."

The private filature interests have already completed or will shortly complete their capital works and have made appreciable progress in training their labour. They are hesitating about the next step--the actual expansion of manufacture.

This hesitation is due to three difficulties which at present discourage action, and threaten to hinder progress seriously. These are (1) the inadequacy of the flat rate of Rs.3/= per lb to cover actual manufacturing cost (2) the unattractiveness of Rs.1-6-0 per lb as profit in view of the greatly increased cost of production and (3) the fact that the working advance now promised is only about a half of what is necessary under the present conditions of work.

Flat rate of Rs.3/=: This rate was sufficient to cover cost of reeling in the beginning of 1943, but owing to the steep and continuous risein the cost of all materials ans services it ceased to be sufficient even in April. Since April the cost has been rapidly and steadily going up and is now nearly Rs.7/= per lb. The rise has been due mainly to the increase under wages, fuel and transport -- all items beyond the control of the filatures. The filatures have been submitting representations, and demanding that this flat rate should be abolished, and that the actual manufacturing cost incurred by them should be substituted in the price formula. They have offered to make their books available to Government for audit and verification.

This disparity between the rate in the formula and actual cost is a serious matter, and will prevent progress unless rectified. I discussed this point with the Director General of Supplies and his Assistants in December 1943, and we agreed unanimously that a revision of the price formula is necessary. The Director General of Supplies himself was also emphatically in accord with this decision. The representation of the filatures that their actual cost of manufacture as ascertained from their books should be adopted seems reasonable. If an early decision is not reached this point not only will progress be held up, but those interests which have actually made war supplies in expectation of a just revision in the formula will suffer, while those who have held back will be able to avoid loss.

II. Profit of Rs.1-6-0: The next point is the provision of Rs.1-6

ror profit. This fig re was 10% of what was, correctly enough at the time, assumed to be the actual cost of production of one pound of silk. In arriving at this figure, we took the average yield f 18:1, the price of cocoons of 18:1 quality to be Rs.10 per lb and t cost of reeling to be Rs.2/8. 10% of the cost on this basis was Rs.1-6-0. Later on, when the cost of reeling was put at Rs.3/=, th figure was retained -- by mutual agreement owing I think to the smallness of the divergence. It is contended by the Filature int ests, that Rs.1-6-0 is now grosly inadequate. The cost which wa p hypothetically, ~~with~~ but with a close approximation to fact, tal at Rs.13-12-0 has now risen to nearly Rs.30-8-0 in a filature which I believe to be efficiantly run. It is difficult to meet the p that the rate which was reasonable when the cost was Rs.13-12-0, i not reasonable when it has risen to Rs.30 and odd. And we have t bear in mind also that the working capital ~~has also to~~ required ~~is~~ now is now, in view of higher costs, more than double what it wa before--and that the interest on this working capital has also to come out of profits. It would seem reasonable therefore not to insist on a flat profit of Rs.1-6-0, but to accept the understandi behind it, which was that a profit of ~~Rs.~~ 10% of the actual un- avoidable cost of production should be assured to the manufacturer

III. Provision for capital. The next point requiring considerat is the increase in capital necessitated by the all round rise in prices and cost of services. The agreement provides for an adva of half of the capitql expenditure, and the whole of the working capital required. In regard to the capital expenditure, the pro vision that an advance may be made of half the certified actual expenditure on capital works not exceeding in level the rate of such expenditure in the Government Filature at Kankanhalli, meets the case fully.

The working capital, however, will have to be increased in proportion to the rise in cost of production. When the cost of ~~production~~ was estimated to be about Rs.14/= per lb it was calcul that a working capital of Rs.1,000/= per basinm would suffice. I that the cost is round about Rs.30/8, this part of the advance wi have to be raised to Rs.2,000/=. I am of opinion that to secur

secure the desired amount of expansion of the Filature Industr
immediate orders are necessary on the points set forth above.

THE MYSORE SILK FILATURES, LTD. T. NARASIPUR.

COST FOR THE MANUFACTURE OF ONE LB. OF SILK FROM MARCH TO OCTOBER 1943.

Particulars	March	April	May	June	July	August	September	October.
	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p.
Wages & Salaxry (including Dearness Allowance)	3 0 1	3 1 2	3 11 8	3 7 4	4 11 4	4 9 5	4 12 5	5 3 9
Fuel	0 6 3	0 8 1	0 6 8	0 7 1	1 [illegible] [illegible]	1 3 3	1 1 0	1 3 9
Transport on R.C.	0 2 4	0 2 11	0 5 0	0 5 5	0 [illegible] [illegible]	0 5 5	0 10 0	0 12 2
Other expenses (such as General charges, repairs renewals & T.A. etc.,	0 6 2	0 6 10	0 6 6	0 8 11	0 12 4	0 11 7	0 12 9	0 9 0
Indirect Charges(such as Fire & War Risk Insurance, Depreciation Interest on loan, Managing Agents remuneration & Industrial Adviser's Honorarium, etc.	0 15 8	0 15 9	1 1 2	1 2 0	1 10 0	1 3 6	1 7 2	1 7 10
Total	4 14 6	5 2 9	5 15 0	5 14 9	8 9 10	8 1 0	8 11 4	9 4 6
Realisation from Silk Waste, double Cocoons Etc.	2 1 3	1 13 0	1 15 6	1 12 10	2 7 2	2 11 0	2 12 4	2 11 11
cost of manufacture Rs. per lb of silk	2 13 3	3 5 9	4 1 6	4 1 11	6 2 8	5 6 0	5 15 0	6 8 7

THE MYSORE SILK FILATURES, LTD. T. NARASIPUR.

COST FOR THE MANUFACTURE OF ONE LB. OF SILK FROM MARCH TO OCTOBER 1943.

Particulars	March	April	May	June	July	August	September	October.
	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p.
. Wages & Salaxry (including Dearness Allowance)	3 0 1	3 1 2	3 11 8	3 7 4	4 11 4/5	4 9 3	4 12 5	5 3 9
. Fuel	0 6 3	0 8 1	0 6 8	0 7 1	1 [illegible]	1 3 3	1 1 0	1 3 9
. Transport on R.C.	0 2 4	0 2 11	0 5 0	0 5 5	0 7 7	0 5 3	0 10 0	0 12 2
. Other expenses (such as General charges, repairs renewals & T.A. etc.,	0 6 2	0 6 10	0 6 6	0 8 11	0 12 4	0 11 7	0 12 9	0 9 0
. Indirect Charges(such as Fire & War Risk Insurance, Depreciation Interest on loan, Managing Agents remuneration & Industrial Adviser's Honorarium, etc.	0 15 8	0 15 9	1 1 [illegible]	2 0 [illegible]	10 [illegible]	1 [illegible] 6	1 7 2	1 7 10
Total	4 14 6	5 2 9	5 15 0	5 14 9	8 9 10	8 1 0	8 11 4	9 4 6
ss Realisation from Silk Waste, double Cocoons Etc.	2 1 3	1 13 0	1 15 6	1 12 10	2 7 2	2 11 0	2 12 4	2 11 11
et cost of manufacture Rs. per lb of silk	2 13 3	3 5 9	4 1 6	4 1 11	6 2 8	5 6 0	5 15 0	6 8 7

THE MYSORE SILK FILATURES, LTD. T. NARASIPUR.

COST FOR THE MANUFACTURE OF ONE LB. OF SILK FROM MARCH TO OCTOBER 1948.

Particulars	March	April	May	June	July	August	September	October.
	Rs. a.	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p	Rs. a. p.
Wages & Salarry (including Dearness Allowance)	3 0 1	3 1 2	3 11 8	3 7 4	4 11 4/6	4 9 3	4 12 5	5 3 9
Fuel	0 6 3	0 3 1	0 6 8	0 7 1	1 2 8	1 3 3	1 1 0	1 3 9
Transport on R.C.	0 2 4	0 2 11	0 5 0	0 5 5	0 7 7	0 5 5	0 10 0	0 12 2
Other expenses (such as General charges, repairs renewals & T.S. etc.,	0 6 8	0 6 10	0 5 6	0 3 11	0 12 4	0 11 7	0 12 9	0 9 0
Indirect Charges(such as Fire & War Risk Insurance, Depreciation Interest on loan, Managing Agents remuneration & Industrial Adviser's Honorarium, etc.	0 15 8	0 15 9	1 1 2	1 2 9	0 10 0	1 3 5/6	1 7 3	1 7 10
Total	4 14 6	5 2 9	5 15 0	5 14 9	8 9 10	8 1 0	8 11 4	9 4 6
Realisation from Silk Waste, double Cocoons Etc.	2 1 3	1 13 0	1 15 6	1 12 10	2 4 8	2 11 0	2 12 4	2 11 11
Net cost of manufacture Rs	2 13 3	3 3 9	4 1 6	4 1 11	6 4 8	5 6 0	5 15 0	6 8 7

Seri 96/43/5

D 5046 GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

V. Vedayasacharya, M.A.,
'g. Chief Secretary to Government.
D. O. No.

General and Revenue Secretariat.

Dated Bangalore, 4th February, 1944.

Subject:- Manufacturing charges of Filature Silk-- Revision of.

I am desired to refer to the discussion Mr. H.S. Govinda Rao had with you in Delhi during December, 1943, regarding the revision o the cost of manufacture of Silk.

The flat rate (Manufacturing charges) of Rs.3/- per pound of silk mentioned in the Government order of the 17th February, 1943, was fixed in pursuance of the decisions reached at the time, in mutual consultation and discussion with the Supply Department of the Government of India. This was more than a year ago. When the formu for the determination of price of filature silk, (extracted in the margin for ready reference), was evolved, it was thought that a flat rate of Rs.3/- per pound would cover all manufacturing charges. Provision was made however, for making adjustments in relation to any variation in cost consequent on such variation in ~~respect only of~~ dearness allowance or war risks insurance premia. At that time no one could foresee how rapidly and violently the other constituents of that charge, such as wages, fuel, cost of transport would mount up.

"The basic price of a lb. of 28/32 denier 'D' grade silk will be fixed as below:-

(a) Cost of 18 lbs of green cocoons (Superior quality) at ten annas per lb. plus suitable price adjustment in relation to the variation in the cost of living index figure from the basic figure in November, 1941.

plus (b) manufacturing charges at a flat rate of Rs.3/- per lb. inclusive of dearness allowance and war risks insurance premia at the present level and subject to adjustment upwards or downwards in relation to any variation in the rate of dearness allowance or war risks insurance premia, provided however (i) that any increase in the rate of dearness allowance shall be subject to the approval of the Government of Mysore, and (ii) that the flat rate shall not be less than Rs.2-8-0 per lb;

plus (c) profit at a fixed rate of Rs.1-6-0 per lb.

As you are aware, conditions have altered considerably since December, 1942 and this rate of Rs.3/-per pound, which was enough to cover the cost of reeling in the beginning of 1943 ceased to be sufficent

the cost of all materials and services. Since April the cost has been rapidly and steadily going up and is now stated to be about Rs.7/- per pound. The rise has been due mainly to the increase under wages, fuel and transport - items everyone of which is beyond the control of the filatures. In the case of fuel it is stated to be more than 200% and in the case of transport charges as much as 500%.

The private filature interests participating in the Expansion Scheme have been making very urgent representations to this Government about the necessity for revising and enhancing the cost of manufacture fixed in the Government Order dated 17th February, 1943, in view of these altered conditions and state that they would be facing very heavy losses and utter ruin, unless the rate were revised on an equitable basis on an examination of their actual cost figures. Copies of statements received from Messrs The Mysore Silk Filatures, Ltd., and the Mysore Spun Silk Mills, Ltd., Channapatna, showing the progressive increase in actual net manufacturing charges during 1943 are enclosed for your reference. The statements are based on audited figures.

You might remember that while you were in Mysore during October, 1943, some of the private filature interests concerned submitted similar representations to you and that you discussed this matter with the Minister for Revenue Law (Mr. K.V. Ananthraman). The question was considered at a meeting of the Silk Filature Expansion Committee held on 23rd November, 1943 and they were of the opinion that the details of cost at the present level should be got examined and the Government of India should be requested to depute an officer for the purpose.

It is understood that during the discussions at Delhi from 8th to 11th December, 1943, ~~xxx~~ you ~~were quite~~ suggested such a ~~favour of such~~ examination, to arrive at a satisfactory soluti of this matter.

This Government consider that the representations made by the private filature interests are just and reasonable and that it is necessary to have the question examined, with a vis to seeing to what extent the cost should be revised. Such examination and the grant of suitable relief appear very desirable also from the point of view of keeping up the production of silk to the expected level, as the interests concerned would then not have to fear the incurring of losses and would be assured of getting the anticipated profit.

In the circumstances I am to request that arrangements may be ~~kindly~~ made urgently for deputing a Cost Accounts Offic for this work. He will be given all the necessary facilities and information required for studying the question; and the books and accounts of the filatures concerned will be open to his inspection.

As the matter is of great importance and urgency, immediate action may be kindly taken on this letter.

Mr. V. Vedayanacharya, B.A
Chief Secretary to Go...

GENERAL AND REVENUE SECRETAR

Dated Bangalore, ...3rd February, 194

D. O. No. D. 5046 Gen - Se 1043 5

Dear Mr. Target,

Subject:- Manufacturing charges of Filature Silk - Revision of.

I am desired to refer to the discussion Mr. H.S. Gov ad with you in Delhi during December, 1943, regarding the revisi of the cost of manufacture of Silk.

The fixed rate (Manufacturing charges) of Rs.3/- per pound ilk mentioned in the Government Order of the 17th February, 194 as fixed in pursuance of the decisions reached at the time, in utual consultation and discussion with the Supply Department of overnment of India. This was more than a year ago. When the

> 'The basic price of a lb. of 28/32 denier "D" grade silk will be fixed as below:-
>
> (a) Cost of 18 lbs of green cocoons (Superior quality) at ten annas per lb. plus suitable price adjustment in relation to the variation in the cost of living index figure from the basic figure in November, 1941.
>
> plus (b) manufacturing charges at a flat rate of Rs.3/- per lb. inclusive of dearness allowance and war risks insurance premia at the present level and subject to adjustment upwards or downwards in relation to any variation in the rate of dearness allowance or war risks insurance premia, provided however (i) that any increase in the rate of dearness allowance shall be subject to the approval of the Government of Mysore, and (ii) that the flat rate shall not be less than Rs.2-8-0 per lb;
>
> plus (c) profit at a fixed rate of Rs.1-6-0 per lb.

formula fo the deter- mination o price of filature s (extracted the margin ready refe was evolv it was the that a fla rate of Rs

per pound would cover all manufacturing charges. Provision was ade however, for making adjustments in relation to any variation in cost consequent on such variation in dearness allowance or war risks insurance premia. At that time no one could foresee how apidly and violently the other constituents of that charge, suc as wages, fuel, cost of transport would mount up.

As you are aware, conditions have altered considerably s December 1942 and this rate of Rs.3/- per pound, which was among

to cover the cost of reeling in the beginning of 19
to be sufficient from about April 1943 owing to the
abnormal rise in the cost of all materials and servi
April the cost has been rapidly and steadily going u
now stated to be about Rs.7/- per pound. The rise h
mainly to the increase under wages, fuel and transpo
everyone of which is beyond the control of the filat
the case of fuel it is stated to be more than 200%
case of transport charges as much as 500%.

The private filature interests participating i
Expansion Scheme have been making very urgent repres
to the Government about the necessity for revising
changing the cost of manufacture fixed in the Govern
Order dated 19th February, 1943. In view of these
conditions and state that they would be facing very h
losses and utter ruin, unless the rate were revised o
equitable basis on an examination of their actual cos
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In the circumstances I am to request that arrangements
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He will be given all the necessary facilities and information
required for studying the question and the books and account
the filatures concerned will be open to his inspection.

As the matter is of great importance and urgency, immedi
action may be kindly taken on this letter.

Yours faithfully

Sd) V. Vedavyasachar

R.W. Target, Esq., C.I.E.,
Director General of Supply,
Department of Supply, New Delhi.
Dwi

Memo No.D.

Dated, Bangalore the February, 1944.

Copy of the above is forwarded with compliments to the

for Chief Secretary to Govern

THE MYSORE SILK FILATURES, LTD., T-NARASIPUR.

Cost for the manufacture of one lb. of silk from March to October 1943.

Particulars.	March.	April.	May.	June.	July.	August.	September.	October.
	Rs.As.Ps.	Rs.As.Ps.	Rs.As.Ps.	Rs.As.Ps.	Rs.As.Ps.	Rs.As.Ps.	Rs.As.Ps.	Rs.As.Ps.
1. Wages & Salary (including Dearness Allowance.	3 0 1	3 1 2	3 11 8	3 7 4	4 11 4	4 9 3	4 12 5	5 3 9
2. Fuel. ...	0 6 3	0 8 1	0 6 8	0 7 1	1 0 6	1 3 3	1 1 0	1 3 9
3. Transport on R.C....	0 2 4	0 2 11	0 5 0	0 5 5	0 7 7	0 5 5	0 10 0	0 12 2
4. Other expenses (such as General charges, repairs, renewals & T.A.,etc).	0 6 2	0 6 10	0 6 6	0 8 11	0 12 4	0 11 7	0 12 9	0 9 0
5. Indirect charges (such as fire & war risk insurance, Depreciation Interest on loan, Managing Agents remuneration & Industrial Adviser's Honorarium,etc.	0 15 8	0 15 9	1 1 2	1 2 0	1 10 1	1 3 6	1 7 2	1 7 10
Total ...	4 14 6	5 2 9	5 15 0	5 14 9	8 9 10	8 1 0	8 11 4	9 4 6
Less Realisation from Silk Waste, Double Cocoons, etc.	2 1 3	1 13 0	1 15 6	1 12 10	2 7 2	2 11 0	2 12 4	2 11 11
Net cost of manufacture per lb. of silk.	2 13 3	3 5 9	~~4 1 6~~ 3-15-6	4 1 11	6 2 8	5 6 0	5 15 0	6 8 7

"Copy"

Signature

for Secretary to Govt

THE MYSORE SPUN SILK MILLS, LIMITED., (FILATURE DEPARTMENT), CHANNAPATNA.

ANALYSIS OF COST OF MANUFACTURE OF RAW SILK FROM JANUARY 1943 to OCTOBER 1943 PER LB. OF RAW SILK.

PARTICULARS.	January 1943	February 1943	March 1943	April 1943	May 1943	June 1943	July 1943	August 1943	September 1943	October 1943
AVERAGE RENDITTA	19.63	18.73	18.9	18.15	17.0	17.0	19.2	20.6	21.25	22.1
I. COST OF RAW MATERIALS PER LB. OF SILK. Rs.	24- 0- 4	25- 8- 10	29- 5- 4	29- 6- 9	31-11- 4	37- 4- 5	16-11- 3	17- 7- 8	19- 9- 5	21- 3- 2
II MANUFACTURING CHARGES:-										
a. Direct charges:-										
1. Wages	1- 9- 5	1-10- 1	1-15- 1	1- 9- 0	1- 9- 0	1- 9- 4	1-11- 3	1-14- 8	2- 0- 8	2-10- 3
2. Dearness allowance	0-12- 5	0-13- 8	1- 7- 1	0-11- 0	1- 4- 4	1- 0- 5	1- 4- 3	1- 8- 8	1- 8- 8	1-15- 8
3. Factory Salary	1- 9- 0	1-12- 7	3- 8- 6	1-13- 4	1-10- 4	1- 6- 0	1- 3-11	1- 6- 8	1-10- 1	1-10- 3
4. Water	0- 2- 8	0- 2- 7	0- 1-11	0- 1- 7	0- 2- 1	0- 1- 2	0- 2- 3	0- 2- 3	0- 1- 3	0- 0-11
5. Steam	0- 4- 9	0 4 2	0 4 11	0 3 7	0 3 5	0 3 0	0 2 7	0 2 8	0 3 0	0 3 4*
6. Electric Power.	0 1 [illegible]	0 1 0	0 1 7	0 0 10	0 0 8	0 0 6	0 0 4	0 0 6	0 0 6	0 0 7
7. Transportation.	0 0 2	0 0 4	0 1 7	0 0 1	0 0 5	0 0 2	0 5 0	0 9 8	0 8 7	0 9 9
8. Repairs and Renewals.	0 3 0	0 0 2	0 2 8	0 1 5	0 6 5	[illegible]	[illegible]	[illegible]	[illegible]	
						0 2 8	0 1 2	0 3 [illegible]	0 8 3	0 8 3
b. Indirect charges:										
1. Management	0 12 11	0 12 11	1 7 6	0 11 3	0 9 5	[illegible]	0 5 4	0 6 6	0 7 3	0 9 7
2. Depreciation.	0 6 4	0 6 4	0 11 1	0 4 11	0 4 1	[illegible]	0 3 0	0 3 5	0 3 6	0 4 0
3. War Risks Insurance.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
	0 1 9	0 1 9	0 3 2	0 1 6	0 1 2	[illegible]	0 2 2	0 2 4	0 3 11	0 3 3
4. Printing, Stationery postage and contingencies.	0 2 4	0 1 8	0 7 5	0 2 0	0 1 5	[illegible]	0 4 11	0 4 8	0 7 3	0 6 3
Total Manufacturing Charges.	6 1 10	6 3 3	10 8 6	5 12 6	6 4 9	[illegible]	5 14 2	7 1 5	7 14 11	9 2 1

| | | |

Loans Inwards

Ref: Enhancement of Working Capital for the working of the basins under the Silk Filature Expansion Scheme, in Mysore State.

I am desired to refer to my D.O.letter No. D.3629 dated 3-12-1942 addressed to ~~Mr.M.A. Sreenivasan~~ Sri Controller of Supplies, South India Circle, Madras, and to the Govt. Order No.D.5309-74/Seri 143-41-10 dated 17-2-1943 furnishing details of the ~~working~~ estimated working capital required by the filatures ~~for the working of the basins~~ under the ~~Silk~~ Expansion Scheme ~~in~~ in ~~Mysore~~ State. A sum of Rs.8,02,51~~0~~9/- as detailed in item 3 of ~~the~~ Annexure I to the G.O. referred to above, was estimated to be required for the Government filature of 200 basins at Kankanhalli. On the basis of there being 4 turn-overs in a year the working capital was calculated at Rs.1000/- per basin. According to the terms of agreement with the private filature interests this Govt. h to provide the required working capital for them subject to a maximum of Rs.1000/- per basin.

As you are aware, things have altered considerably since ~~them~~ December 1942 and there has been a steep rise in the level of prices of cocoons as well as other items. A revised estimate of manufacturing charges for the Govt. filature at Kankanhalli is enclosed ~~herewith~~ to this letter. It may be seen therefrom that due to the all-round increase in the prices of materials and services, a sum of Rs.14,08 482/- will be required ~~as~~ against ~~the above said sum of~~ Rs.8,02,589/- provided therefor. ~~One of the~~ The chief items ~~xxxxx~~ ~~in respect of which a sum~~ contributing to this increase is for purchase of cocoon - viz Rs.10,80,000/- ~~is provided in the estimate~~ against Rs 6,75,000.

of the cocoons is controlled under the Cocoon Control Order and Govt. fix the basic price of cocoons periodically. Assuming 4 turn-overs in a year as befor the working capital required for each b works out to Rs.1760/- according to the revised estimates. The private fila interests participating in the Expansie Scheme have brought to the notice of th Government this steep rise in the price of things and the inadequacy of the amount of working capital provided for in the G.ovt. Order dated 17-2-1943 and have been represented for a enhancement of the maximum working cap on the basis of costs estimated for the Govt. filature at K.Khalli.

I am to state that the request of t private filaturex interests is quite reasonable in the circumstances, and th it is necessary to enhance the working capital to Rs.1760/- per basin, and to request you to kindly obtain the approval of the Govt. of India and comm cate to this Govt. as early as possible.

(Yours sincere

4.2.44

R.W.Targett,Esq.,C.I.E.,
D.G.S., Deptt. of Supply, Shahajahan
New Delhi.

50 GA-5/ceyour o
5.2.44.

1) Copy w/c to the Special Officer, S. Bangalore
2) Copy w/c to the Controller of Suppl S.I.Circle, Esplanade, Madras. for information.

Estimates for a Filature of 200 basins.
Manufacturing Charges.

1.	Cocoons :- (Renditta 18 : 1) Production of silk per basin at 1 Lb. (28/30) a day 1 X 18 X 300 (working days in a year) X 200 basins @ Re.1/- per lb. ...	Rs.	10,80,000
2.	Transport and Stifling Charges @ As.2/- per Lb.	Rs.	1,35,000
3.	Working costs : Technical Staff Rs. 17,652 *Labour Rs.1,31,520	Rs.	1,49,172
4.	Office Establishment	Rs.	5,448
5.	Travelling Allowamce L.S.	Rs.	1,500
6.	Dearness Allowamce. Technical and Office Staff	Rs.	3,660
7.	Electric Power L.S	Rs.	2,000
8.	Fuel at 3 tons a day @ Rs.20/- per ton for 300 days	Rs.	18,000
9.	Cost of Repairs on machinery @ 2½% on Rs.2,36,100	Rs.	5,902
10.	Cost of Repair and maintanance of buildings @ 2% on Rs.1,50,000/-	Rs.	3,000
11.	Contingencies @ Rs.300/- p.m.	Rs.	3,600
12.	Maintanance of Station Wagon @ Rs.100 per month	Rs.	1,200
	Total ...	Rs.	14,08,482/-

*Labour charges are now provided double of what was provided before. No Dearness Allowance is provided in addition for the labour staff.

as against ... Rs. 8,02,579/-
in the estimate prepared in the beginning of 1 9 4 3.

~~Rs 7042/- per basin~~

Rs 7042/- per basin per year
On the basis of four harvests in a year the working expenses in each basin would be Rs 1,760/- only.

To
2 c Chief Secy

Estimates for a Filature of 200 basins.
Manufacturing Charges.

1.	Cocoons :- (Renditta 18 : 1) Production of silk per basin at 1 Lb. (28/30) a day 1 X 18 X 300 (working days in a year X 200 basins @ Re.1/- pe lb. ...	Rs.	10,80,000
2.	Transport and Stifling Charges @ As.2/- per Lb.	Rs.	1,35,000
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11.	Contingencies @ Rs.300/- p.m.	Rs.	3,600
12.	Maintanance of Station Wagon @ Rs.100 per month	Rs.	1,200
	Total ...	Rs.	14,08,482/-
	as against ...	Rs.	8,02,579/-

in the estimate prepared in the beginning of 1 9 4 3.

*Labour charges ow provided double f what was provided efore. No Dearness llowance provided n addition for abour staff.

GENERAL AND REVENUE SECRETARIAT,

Dated Bangalore,.....194 .

Reference: Enhancement of loans towards Working Capital for the working of the basins under the Silk Filature Expansion Scheme, in Mysore State.

I am desired to refer to my D.O.letter No.D.3629 dated 3-12-1942 addressed to the Controller of Supplies, South India Circle, Madras, and to the Government Order No.D.5309-74/Seri 143-41-10 dated 17-2-1943 furnishing details of the estimated working capital required by the filatures under the Expansion Scheme in the State.

A sum of Rs.8,02,519/- as detailed in item 3 of Annexure I to the Government Order referred to above, was estimated to be required for the Government filature of 200 basins at Kankanhalli. On the basis of there being four turn-overs in a year, the working capital was calculated at Rs.1,000/- per basin. According to the terms of agreement with the private filature interests this Government has to provide the required working capital for them subject to a maximum of Rs.1,000/- per basin.

As you are aware, things have altered considerably since December 1942 and there has been a steep rise in the level of prices of cocoons as well as of other items. A revised estimate of manufacturing charges for the Government Filature at Kankanhalli is enclosed to this letter. It may be seen therefrom that due to the all-round increase in the prices of materials and services, a sum of Rs.14,08,482/- will be required against Rs.8,02,579/- provided therefor in the sanctioned estimates. The chief itemx contributing to this increase is the purchase of cocoons - viz. Rs.10,80,000/- against Rs.6,75,000/-. The price of cocoons is controlled under the Cocoon Control Order and Government fix the basic price of cocoons every month based on the cost of living index figures for Madras City. Assuming 4 turn-overs in a year as before, the working capital required for each basin works out to Rs.1,760/- according to the revised estimates. The private filature interests have been

urging that the limit of working capital indicated in the Government Order dated 17-2-1943 is wholly inadequate under existing conditions and that the working capital should be enhanced on the basis of costs estimated for the Government Filature at Kankanhalli.

I am to state that the request of the private filature interests is reasonable and that it is necessary to enhance the maximum limit of working capital to Rs.1,760/- per basin. I am to request you to kindly obtain the approval of the Government of India and communicate to this Government as early as possible.

R.E.Targett,Esq.,C.I.E.,
Director-General of Supply,
Department of Supply, Shahajahan Road, New Delhi.

(Enc.One Statement)

[illegible] (Double 16:1) production of silk per basin at 1 lb. [illegible] a day 1 x 16 x 300 (working days in a year X 300 basins	..	Rs.10,80,[illegible]
[illegible] rupee one per pound		Rs. 1,35,[illegible]
[illegible]nsport and Stifling charges at annas two per pound ..		Rs. 1,49,[illegible]
[illegible]king costs: Technical staff ..Rs.17,652) .. *Labour .. Rs.1,31,520)		
[illegible]ffice Establishment ..	..	Rs. [illegible]
[illegible]velling Allowance L.S.	..	Rs. [illegible]
[illegible]ness Allowance. Technical & other [illegible] Office staff ..		Rs. [illegible]
Electric Power L.S. ..	..	Rs. [illegible]
[illegible]wal at 3 tons a day @ Rs.20/- per ton for 300 days. ..		Rs. [illegible]
[illegible]nt of repairs and maintenance of buildings at 2% on Rs.1,50,000.		Rs. [illegible]
[illegible]nt of repairs on machinery @ 2½% on Rs.2,36,100/-		Rs. [illegible]
[illegible]ntingencies @ Rs.300/- p.m. ..		Rs. [illegible]
[illegible]intenance of Station Wagon @ Rs.100/- per month ..		Rs. [illegible]
Total		14,[illegible]

* Labour charges now provided are double of what was provided before No Dearness Allowances is provided in addition for the labour staff.

as against Rs.8,02,570 in the estimate prepared in the beginning of 1945.

Rupees 7,042/- per basin per year . On the basis of four turn-overs in a year the working expenses on each basin would be Rs.1,760/- only. (Rs 1760 only)

Chief Secretary to Government.

I am required to state that the private filature interests have been making urgent representations that the fixed rate of profit at Rs.1-6-0 per pound of silk is wholly inadequate in view of the increased cost of production and that profit should be allowed to them at 10 percent of such increased cost.

As per Government Order dated 17-2-1943 and in accordance with the terms of the agreement executed between this Government and the filature interests the rate of profit has been fixed at Rs.1-6-0 per pound of silk. This rate represented at the time 10 percent of the cost of production according to the level of prices and wages then obtaining. The cost of production then was Rs.13-12-0 made up of Rs.11-4-0 being the cost of 18 pounds of first quality cocoons yielding a rendita of 18:1 at the assumed rate of annas ten per pound and the minimum manufacturing charges at the rate of Rs.2-8-0 per pound of silk.

There was no idea at the time that the prices and wage levels would go up so high and that the manufacturing charges would be more than double of what they were at the commencement of 1943. I am to invite your reference to letter No. D.5046 Sericulture 96-43-5 dated 4th February 1944 explaining the reasons for the progressive increase in the manufacturing charges and urging the necessity for revision after scrutiny.

The private filature interests state that they have sustained heavy losses on their working during part of the year 1943. Against Rs.13-12-0 per pound on which a profit of Rs.1-6-0 was based (10% of Rs.13-12-0) the cost of production of a pound of silk is now about Rs.25/-(viz. Rs.18-0-0 cost of cocoons at the controlled rate of Re.1/- per lb of cocoons yielding a rendita of 18:1 and Rs.7/- manufacturing charges)

In the circumstances and in view of the having had to incur a much larger capital outla account of rise in prices of materials, labo they represent that the profit to be allowed to may be calculated at 10 percent of the actua of production, instead of as now a fixed figure whi no reference to actual realities of the pres situation.

It is no doubt true that during the disc it was observed that the profit may be a defi fixed figure, but no one could forecast at t that the cost of production - even with the of cocoon prices - would nearly double itsel Government feel that the filature interests in equity entitled to their request being fa considered. In the circumstances, they woul support their request for allowing them prof 10 % of the actual cost of production which n determined after scrutiny of accounts by the Accounts Officer of the Government of India.

I am to request you kindly to obtain the approval of the Govt. of India to the above proposal.

Yours sincerely,

R.W.Targett,Esq.,C.I.E.,
D.G.S., Dept. of Supply,
Shahajahan Road, New Delhi.

1) Copy w/c to the Spedal Officer, S.F. E.Sc
2) " The Controller of Supplies, S. Madras.

D 5078-71. Sam 96-4343

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

D. O. No. G. D. 50 69-71/Sri 96-43-12 Dated Bangalore 6 Feb. 1944

I am desired to state that the private filature interests have been making urgent representations that the fixed rate of profi at Rs.1-6-0 per pound of silk is wholly inadequate in view of the increased cost of production and that profit should be allowed to them at 10 per cent of such increased cost.

As per Government Order dated 17-2-1943 and in accordance with the terms of agreement executed between this Government and the filature interests the rate of profit has been fixed at Rs.1-6-0 per pound of silk. This rate represented at the time 10 per cent of th cost of production according to the level of prices and wages then obtaining. The cost of production then was Rs.13-12-0 made up of Rs.11-4-0 being the cost of 18 pounds of first quality cocoons yield ing a rendita of 18:1 at the assumed rate of annas ten per pound and the minimum manufacturing charges at the rate of Rs.2-8-0 per pound of silk.

There was no idea at the time that the price and wage leve would go up so high and that the manufacturing charges would be more than double of what they were at the commencement of 1943. I am to invite your reference to my letter No.D.5046-Seri.96-43-5 dated 4th Feb ruary 1944 explaining the reasons for the progressive increase in th manufacturing charges and urging the necessity for revision after scrutiny.

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In the circumstances and in view of their having had to incur a much larger capital outlay on account of rise in prices of materials, labour etc., they represent that the profit to be allowed to them may be calculated at 10 per cent of the actual cost of produ tion, instead of its being a fixed figure which has no reference to actual realities of the present situation.

It is no doubt true that during the discussions it was observed that the profit may be a definite and fixed figure, but no one could forecast at the time that the cost of production - even

with the control of cocoon prices - would nearly double itself. This Government feel that the filature interests are in equity entitled to their request being favourably considered. In the circumstances, they would support their request for allowing them profit at 10% of the actual cost of production which may be determined after scrutiny of accounts by the Cost Accounts Officer of the Government of India.

I am to request you kindly to obtain the approval of the Government of India to the above proposal.

R.W. Targett,Esq., C.I.E.,
Director General of Supply,
Department of Supply,
Shahajahan Road,
NEW DELHI.

TKD/5

DEPARTMENT OF SUPPLY

5415

Seri 96-43-14.

Office of the
Controller of Supplies,
South India Circle,
Madras.
8th February 1944.

Dear Mr. Anantharaman,

Mr.Govinda Rao phoned to me on Sunday and informed me that you were anxious that I should attend the Silk Conference at Delhi. I have, however, decided that Mr.Iswaran's presence is ample in view of the agenda which I reproduce overleaf.

I think the main issue ~~at dispute~~ still outstanding, viz., as regards prices, will have to be gone into at some length after an examination by our Cost Accountant. When this question comes up for consideration, I shall certainly go to Delhi unless, as I have suggested, D.D.G.S., Textiles, visits Bangalore for the purpose. I would for the present add that as I remarked at the meeting of the Silk Filature Expansion Committee at Bangalore on the 2nd there is a good case for a price increase. At the same time, I think the profit to be allowed on sub-standard silk should be substantially below that for standard silk. I failed to point out at the meeting that the only effect of the schedule is to reduce the profit on X grade silk to 6 annas per lb., but increasing that for C, D and E grades to Rs.3/6/-, 2/14/- and 2/6/-.

Yours sincerely,
8.2.44
(M.P. Pai).

Rajamantrapravina
K.V. Anantharaman, B.A.,
Minister for Finance & Revenue,
Public Offices,
Bangalore.

DIRECTORATE GENERAL OF SUPPLY
(TEXTILES DTE)

Agenda for silk conference on 11th February 194

(1) Improvement of quality of silk with particular relation to weaving requirements for Government supplies.

(2) Regional forecasts of silk production in 1944.

(3) Testing arrangements.

(4) Difficulties experienced by producers.

5522/Sec/ Gl. 15 5415 Sec
20 Sec 96-63-15

The Special Officer, S.F.E.S.
Bangalore.

I am directed to forward herewith a copy of D.O. letter dated 8.2.1964 received from the Controller of Supplies, Madras regarding the question of price increase under the S.F.E. Scheme, and to request you to forward very early your report on the recent Silk Conference held at Delhi on 11.2.1964.

I have etc.

Yours faithfully,
Section Officer.

Seri 96 43-16

D.O. No. DDG-I/13/44. 5572.

DIRECTORATE GENERAL SUPPLY
Camp(Calcutta), 22nd Feb.1944.

Dear Mr. Vedavyasacharya,

Please refer to your letter No. D.3084-5/Seri.36-43-6 of the 5th February to Mr. Targett in which you request enhancement in the rate of loans towards working capital for the working of the privately owned filatures under the Silk Expansion Scheme in the Mysore State. In view of the increased outlay necessitated by the rise in operating costs, the Government of India are prepared to increase the maximum limit of advance for working capital from Rs.1,000/- to Rs.1,600/- per basin. Your Government are authorised to issue such advances up to the new limit.

Yours sincerely,

(A. MacFarquhar)
Deputy Director General

V.Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
General & Revenue Secretariat,
Bangalore.

SUBJECT.....

.....

D.5572

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

Date of issue.... 6/3

Signed by.... M-13

List of enclosures.....

Copied by.....

Examined by.....

Section Seri

File No. 96-43

Serial No. 17(a)

No. D 5767 (1)

To

The Special Officer, S.T.S. Scheme
Basavangudi P.O. Bangalore City

Sir,

Subject: Enhancement of loan-~~towards~~ advance for working capital for the working of the basins under the S.T.S. scheme in Mysore State.

I am directed to refer Memo to this Office No. D. 5064/Seri. 96-43 dated 5.2.1944 on the above subject and to forward herewith a copy of letter No. D.D.G.-1/13/44 dated 22.2.44 received from the Deputy Director-General of Supplies (I), Govt. of India, Supply, New Delhi, ~~to make~~ increasing of authorising ~~enhanced~~ ~~the~~ permanent the maximum limit of advance for working capital from Rs. 1000 to

WD 04161—GPB—60,000—24-10-41

1600/- (in words) per basin.

I am to request you to send a statement immediately giving the disposal of the sum Rs. 10,85,000/- ~~only~~ (in words) released by the Govt. of India and the total amount that they are to advance further/ taking into consideration the enhancement the rate of working capital as Rs 1000/- to Rs 1600/- per basin ~~omitted by them in their letter dated the~~ ~~1st~~ In the meanwhile, I am to add ~~request~~ ~~please etc arrange to give~~ that the increased limit may be given effect to. & that you may proceed in the behalf

I have the

for GM

D-57 6 8(1) for Chief Secy

Copy to Comm-

Seri.96-43-23

D.O. No. S

DIRECTOR GENERAL OF SUPPLY,
DEPARTMENT OF SUPPLY
(ENTITIES DIRECTORATE)

New Delhi, the 1st March 194

Dear Mr. Yedavyasacharya,

Please refer to your d.o. letter No.5045/Seri.96- dated 4th February and D.O. No. Seri.96-43-23 dated 5th February to Mr. Tarlett on the subject of revision of manufacturing charges for fillers and revision of the level of profit. The Government of India are willing to examine your proposals out of deference to the considerations you have adduced although our own inclination is opposed to any change. We feel the time is inappropriate for lifting the profit margin to a temporarily swollen and abnormal cost of production; and that when every effort is being made to combat inflation a frozen profit margin in terms of rupees, annas and pies is to be preferred. Possibly also sufficient weight has not been given to the Central Government's action to the capital invested in the project.

2. In regard to the revision of manufacturing charges our preliminary reaction is to remind you it was on your insistence that the contract and all its terms were made firm for three years with no breakclause or escape. Although this was not entirely palatable to us we accepted your terms and had hoped you would be willing to stand by them too despite temporary adversity.

3. Anyway the matter having been reopened by you we must be free in our examination to suggest amelioration clauses which pinch us. In particular we should probably have to insist on the grading and price differential which your d.o. letter No.5066/Seri.96-43-10 dated 5th February refuses to contemplate at present. In actual fact we are asking no more on this particular aspect than what the contract itself concedes - vide Part III, clauses 2 and of the Annexure to Mysore Government order No.D.5309-74 Seri.143-41-10 dated 17th February 1942.

4. Our examination will be as expeditious as possible and in the meantime I hope Mysore will push production

forward to better quality and greater quantity as we need all the silk we can get this year.

Yours sincerely,

(A. MACHAVCHIAR)

V.V.G.

V. Vedavyasacharya, Esqr., B.A.,

Express Telegram

MACFARQUHAR
WARCUP
NEWDELHI.

R LETTER OF MARCH FIRST REGARDING EXAMINATION OF
ATURE ACCOUNTS BY COST ACCOUNTS OFFICER IN
NECTION WITH REVISION OF MANUFACTURING COST AND
ALCULATION OF PROFIT STOP MATTER MOST URGENT STOP
T ACCOUNTS OFFICER NOT YET ARRIVED STOP GRATEFUL
YOU CAN TAKE IMMEDIATE ACTION FOR SCRUTINY TO
IVE AT QUICK DECISION STOP DETAILED LETTER WITH
MENTS IN REPLY TO YOURS POSTED = CHISEC.

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to be telegraphed.
eral & Revenue Secretariat.
galore.
ed 11th April 1944.

(V.Vedavyasacharya)
Chief Secretary to Govt.

Thanks
Chief Sec to Govt
11/4/44

16-43-24

Subject:-

Revision of the cost of manufa and re-calculation of profit - ature Expansion Scheme.

(Dear Mr. Macfarquahar,

With reference to the corresponden ing with your DO letter No. Sy/Tx.62.171 date March 1944, on the above subject, I am to state that we have now carefully con ed the points raised by you in the ligh previous discussions and decisions. Th Government feel considerably relieved a glad that the Government of India appre the reasonableness of the requests made them on behalf of the Filature interest have undertaken the Expansion Scheme.

The following comments on the two questions referred to in your letter, w trust, elucidate the position, ~~in a very manner.~~

A. Revision of the cost of manufactur

We are aware of the circumstances in which insisted and you agreed that the contra should be for a definite period viz., t

years - without any break clause or escape.

Considered the magnitude of the expansion proposed, the financial commitments involved and the period required for bringing the new filature units into full and efficient production, the filature interests were not prepared and could not be expected to put down the necessary capital and undertake expansion, unless they were assured that the contract was for a period of at least three years. The insistence of such a condition was considered and accepted quite reasonable in the circumstances of the cas It is perhaps necessary to add that the condition was mainly in relation to the duration of the pe of contract.

I may also state that this Government were for and on behalf of the Government of India and their request, when they entered into agreements the private filature interests. In our sincere to be of assistance in this direction of War eff were willing, as suggested, to act in a liaison cap between the Government of India (who were themsel acting on behalf of H.M.G.) and the private filat interests in the State. If therefore the latter

represent that due to circumstances beyond their or our control, the cost of manufactur has shot up much higher that any one could re sonably anticipate and that unless relief wer given, they would be ~~revised~~ ruined, it is a matter which should be of vital concern not only to us but to the Govt. of India. During all th informal discussions that have taken place re this matter in the past some months with the Officers of the Govt. of India, we have been assured that there is no intention that the filatures should be involved in losses, and that the question of the revision of the cost of manufacture would be considered sympatheti ally and in the light of the examination of the accounts of filatures by the ~~Govt.~~ Cost Accounts Officers who may be deputed by the Govt. of India. We have been waiting for ~~xii~~ the arrival of this Officer as a decision on this matter is of vital and immediate importance. The statement enclosed to my 6/Sec/1643-B dated 4th February 1944, letter is compiled on the basis of audited figures of the Filatures; and it is impossibl to expect them to go on producing or expanding production, at an assumed cost of manufactur

~~So much as out of focus with~~ actual costs.

In view of the urgency of the matter, I have sent an Express Telegram on 11th April 1944 which I hereby confirm as noted below, for favour of immediate action:-

" YOUR LETTER OF MARCH FIRST REGARDING EXAMINATION OF FILATURE ACCOUNTS BY COST ACCOUNTS OFFICER IN CONNECTION WITH REVISION OF MANUFACTURING COST AND RECALCULATION OF PROFITS. STOP. MATTER MOST URGENT STOP. COST ACCOUNTS OFFICER NOT YET ARRIVED STOP. GRATEFUL IF YOU CAN TAKE IMMEDIATE ACTION FOR SCRUTINY, TO ARRIVE AT QUICK DECISION STOP. DETAILED LETTER WITH COMMENTS IN REPLY TO YOU POSTED. CHISEC."

The filatures have been incurring heavy losses, during the past six months and more; have been producing and expanding production

production in the hope that their reasonable request will be taken into consideration and decided expeditiously. Otherwise we are afraid that the Filatures will be in desperate straits and there will be a complete set-back.

You suggest in your letter that the cost of production is only temporarily swollen or become abnormal. While hoping that this adversity is only temporary, we feel it is difficult to make forecasts in a matter which is so complex and uncertain.

In para 3 of your letter you suggest that in the circumstances stated you must be free in your examination to suggest amelioration of clauses which you consider detrimental to your interests. Regarding this suggestion, we on our side have no objection to such of the clauses as relate to the cost of manufacture, being scrutinised again if necessary in the course of the examination of the accounts by your Cost Accounts Officer provided that this does not affect the main features of the agreement and provided that decisions on any suggested modification shall be taken only with the concurrence and approval of all the parties concerned viz. the Government of India, the Government of Mysore and the filature interests. We may also assure you that in case you can show that any of the clauses of the agreement require modification by reason of the radical alteration of circumstances prevailing at the time of the agreement, we would be perfectly willing to go into the said questions, subject to the same provisos indicated above.

We have also no objection to grading being introduced and price differential being adopted so soon as the Silk Conditioning and Testing House gets into operation in Mysore. As regards your

of Government Order No D 5309-74 Sericulture 143-41-10 of 17th February 1943, in this connection, we would ~~invite reference to discussions in ... from which it will be clear~~ that the term "D" grade was substituted for the words "Silk of the quality at present being supplied by the Mysore Silk Filatures" as it was rightly considered to be inappropriate to word the specifications in a general agreement so as to refer to the product manufactured by an individual concern. Both we and the Government of India were fully aware that at the time there were not sufficient testing equipment and facilities, to determine grades c silk according to international standards.

B. Recalculation of profit.

We would invite reference to our letter of D 5069/50 which clearly indicates how the "fixed" rate of profit - Rs.1-6-0 per lb. - was arrived at. The then assumed cost of production was Rs.13/12/- per lb. and Rs.1/6/- per lb. represented 10% of such cost. The Filature interests have been representing that as can be verified from their accounts and audited figures, th cost of production has gone up to more than Rs.25/- per lb. We are of the opinion that the profit must naturally bear relation to the costs of manufacture. There are no grounds whatever to think that the Filature interests are trying to profiteer and that the profit should be frozen at a fixed figure. The statement enclosed to my letter of No D.5246 dt. 6-11-50 will have shown that the position is quite the reverse and that unless thay get relief, they will have incurred such heavy losses that their very existence will be in serious peril.

As regards the reference in your letter to the Central Government's contribution to the capital inves ed in the project, may I point out that it is in the

the nature of an advance bearing interest and repayable by the Filature interests?

In conclusion, I am to state that while every effort is being made to improve quality, and to increase production, we feel convinced that the immediate and satisfactory solution of the two matters dealt with above, is essential to secure anticipated results.

Yours sincerely,

MG
10/11/44

1) A. MACFARQUHAR Esq
Deputy - Director-General of Supply
Dept. of Supply - Textile Directorate
New Delhi

Copy to D 6530-2 dt 13/11/44

2) Controller of Supplies, S.I. Circle, Madras

3) Asst. Controller of Supplies (Silk), Tata Bldg. B'gore/Bangalore

4) Special Officer, S.F.S.S. Bangalore

GENERAL AND REVENUE SECRETARIAT

Bangalore,.....19 .

SUBJECT: Revision of the cost of manufacture and re-calculation of profit - Filature Expansion Scheme.

With reference to the correspondence ending with your D.O.letter No.SY/Tx.62-171 dated 1st March 1944, on the above subject, I am desire to state that we have now carefully considered the points raised by you in the light of previous discussions and decisions. This Government feel considerably relieved and glad that the Government of India appreciate the reasonableness of the requests made by them on behalf of the Filature interests who have undertaken the Expansion Scheme.

The following comments on the two urgent questions referred to in your letter, will, I trust, elucidate the position.

A. Revision of the cost of manufacture. We are aware of the circumstances in which we insisted and you agreed that the contract should be for a definite period viz., three years - without any break clause or escape. Considering the magnitude of the expansion proposed the financial commitments involved and the period required for bringing the new filature units into full and efficient production, the filature interests were not prepared - and could not be expected - to put down the necesaary capital and undertake expansion, unless they were assured that the contract was for a period of at least three years. The insistence of such a condition was considered and accepted as quite reasonable in the circumstances of the case. It is perhaps necessary to add that this condition was mainly in relation to the duration of the period of contract.

I may also state that this Government were acting for and on behalf of the Government of India and at their request, when they entered into agreements with the private filature interests. In our sincere anxiety to be of assistence in this direction of War effort, we were willing, as suggested, to act in a liaison capacity between

the Government of India (who were themselves acting on behalf and the private filature interests in the State. If therefo latter represent that due to circumstances beyond their or ou the cost of manufacture has shot up much higher than any one reasonably anticipate and that unless relief were given, they ruined, it is a matter which should be of vital concern not o but to the Government of India. During all the informal dis that have taken place regarding this matter in the past some with the Officers of the Government of India, we have been as that there is no intention that the filatures should be invol losses, and that the question of the revision of the cost of would be considered sympathetically and in the light of the e of the accounts of filatures by the Cost, Accounts Officer w be deputed by the Government of India. We have been awaiting arrival of this officer as a decision on this matter is of vi immediate importance. The statement enclosed to my letter No Seri.96-43-5 dated 4th February 1944 is compiled on the basis figures of the Filatures; and it is impossible to expect them on producing or expanding production, at an assumed cost of m out of all proportion to actual costs. In view of the urgenc matter, I have sent an Express Telegram on 11th April 1944 wh hereby confirm, as noted below, for favour of immediate actic

"YOUR LETTER OF MARCH FIRST REGARDING EXAMINATION OF FILATURE ACCOUNTS BY COST ACCOUNTS OFFICER IN CONNECTION WITH REVISION OF MANUFACTURING COST A RECALCULATION OF PROFITS STOP. MATTER MOST URGEN STOP. COST ACCOUNTS OFFICER NOT YET ARRIVED ST GRATEFUL IF YOU CAN TAKE IMMEDIATE ACTION FOR SCRUTINY, TO ARRIVE AT QUICK DECISION STOP. DET LETTER WITH COMMENTS IN REPLY TO YOURS POSTED.

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In para 3 of your letter you suggest that in the circumstance .ated you must be free in your examination to suggest amelioratio clauses which you consider detrimental to your interests. Re- .rding this suggestion, we on our side have no objection to such the clauses as relate to the cost of manufacture, being scruti- sed again if necessary in the course of the examination of the counts by your Cost Accounts Officer provided that this does not fect the main features of the agreement and provided that deci- ons on any suggested modification shall be taken only with the ncurrence and approval of all the parties concerned viz., the vernment of India, the Government of Mysore and the Filature terests. We may also assure you that in case you can show that .y of the clauses of the agreement require modification by reason the radical alteration of circumstances prevailing at the time the agreement, we would be perfectly willing to go into the sai estions, subject to the same provisos indicated above.

We have also no objection to grading being introduced and ice differential being adopted so soon as the Silk Conditioning

and Testing House gets into operation in Mysore. As regards your reference to clauses 3 and 4 of annexure I (Part III) of Government Order No.D.5309-74/Seri.143-41-10, of 17th February 1943, in this connection, we would point out that it was in consultation with the Government of India (Supply Department) that the term 28/32 Denier "D" grade was substituted for the words "Parachute Silk of the quality at present being supplied by the Mysore Silk Filatures Ltd." as it was rightly considered to be inappropriate to word the specifications in a general agreement so as to refer to the product manufactured by an individual concern. Both we and the Government of India were fully aware that at the time there were not sufficient testing equipment and facilities, to determine grades of silk according to international standards.

B. Recalculation of profit.-

We would invite reference to our letter of D.5069/Seri 96 43 13 dated 5-4-1944 which clearly indicates how the "fixed" rate of profit - Rs.1-6-0 per lb. - was arrived at. The then assumed cost of production was Rs.13-12-0 per lb. and Rs.1-6-0 per lb. represented 10% of such cost. The filature interests have been representing that as can be verified from their accounts and audited figures, the cost of production has gone up to more than Rs.25/- per lb. We are of the opinion that the profit must naturally bear relation to the costs of manufacture. There are no grounds whatever to think that the Filature interests are trying to profiteer and that their profit should be frozen at a fixed figure. The statement enclosed to my letter of No.D.5046 dated the 4th February 1944 will have shown that the position is quite the reverse and that unless they get relief, they will have incurred such heavy losses that their very existence will

peril.

As regards the reference in your letter to the Central Government's contribution to the capital invested in the projec may I point out that it is in the nature of an advance bearing interest and repayable by the Filature interests?

In conclusion, I am to state that while every effort is being made to improve quality, and to increase production, we feel convinced that the immediate and satisfactory solution of the two matters dealt with above, is essential to secure anticipated results.

A. Macfarquhar, Esq.,
Deputy Director General of Supply,
Department of Supply - Textiles Directorate,
N E W D E L H I

MACFARQUHAR
WARSUP
NEWDELHI.

YOUR LETTER OF MARCH FIRST REGARDING EXAMINATION OF
ILATURE ACCOUNTS BY COST ACCOUNTS OFFICER IN
ONNECTION WITH REVISION OF MANUFACTURING COST AND
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F YOU CAN TAKE IMMEDIATE ACTION FOR SCRUTINY TO
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OMMENTS IN REPLY TO YOURS POSTED = CHISEC.

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ot to be telegraphed.
eneral & Revenue Secretariat.
angalore.
ated 11th April 1944.

(V.Vedavyasacharya)
Chief Secretary to G

from
has been received
on 11/4/44.
12/4/44.
12/4/44

CHEMY. RC
17 APR 1954
GOVT. OF MYSORE

1-45 pm

4034-5415-S

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

X YL NEW DELHI 15 STE 32 CHISEC MYSORE BANGALORE

E SY / TX /32(171) FOR VEDAVYASACHARYA STOP

YOUR TELEGRAM OF 11 TH APRIL STOP LETTER CONTAINING

URPROPOSALS IN POST AND ARRANGEMENTS IN HAND TO

END FINANCE OFFICER AT END OF APRIL TO DETERMINE

FACTS STOP PROPOSE TO SETLE WITH YOU PERSONALLY

DUING VISIT BANGALORE EARLY MAY ABOUT WHICH AM

WRITING STOP YOUR =50= DETAILED LETTER NOT YET

RECEIVED = WARSTP =

This fo... and number of words. this telegram.

Edan Press, Calc... 100. Bks.

OR.

copy forwarded with reference to SO. dt 19/4 for information please

Seri 96 43-25 6682

The Mysore Spun Silk Mills, Ltd.

TEL. ADDRESS: "SPUNSILK"
CODE USED: BENTLEY'S SECOND

CHANNAPATNA
(MYSORE STATE)

Ref No. 5567

Dated 13th April 1944.

Seri

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
BANGALORE.

Dear Sir,

Subject: Regarding working of the Silk Filature of 200 basins at Channapatna. Revision of Manufacturing Charges.

I invite kind reference to Government Order No.D.48 41/Seri.141-41-14 dated 18th January 1943 according sanction the sale of the Government Silk Filature of 40 basins at Char patna to the Mysore Spun Silk Mills Ltd., and approving of th Expansion of the said Filature by the Mills to one of 200 bas under the Filature Expansion Scheme of the Government of Indi I also invite kind reference to the draft agreement appended Government Order No.D.5378-83/Seri. 143-41-12 dated 17th Febr 1943 and to clause No.3 (b) thereof stipulating the basis on which the Filature should supply raw silk to the Government o India. I regret to state that the manufacturing charges per of silk which had been taken at Rs.3/- per lb. at the time th details of the Scheme were discussed between the Governments India and Mysore have considerably risen and are still rising steadily owing to unprecedented increases in the costs of several items of store articles and fuel, as also due to incr in wages and Dearness Allowance, transport charges etc., T Manufacturing charges per lb. of silk in November 1943 was pe lb.Rs.6-10-3 against Rs.3/- per lb. only provided in the agreement

P.T.

agreement between this Mills and the Government and there is every probability of their rising still higher. The increa. in cost have been due to causes beyond our control and the details of the same have been indicated in our letter No.373 dated the 4th December 1943 addressed to the Special Officer, Filature Expansion Scheme, a copy of which has also been sent to you (another copy of it is enclosed for ready reference). Since then the position has not in any way improved; and unless we are granted the actual manufacturing charges as prayed for by us we would be losing between Rs.3-8-0 and Rs.4 on every lb. of silk manufactured and supplied to the Govern. ment of India.

2. I may inform you in this connection that during the nine months of January 1943 and September 1943 prior to our agreement with Government when the silk produced in the Filature was being sold in the Civilian Market, the Filature had been able to earn a profit of nearly Rs.40,000/-; while during the four months from September to December 1943 it would sustain a loss of Rs.29,794-1-10 if the manufacturing charges are not revised on the basis of actual costs incurred by us.

3. The Board of Directors of the Mills who have carefully considered the matter have resolved that in case it was found not profitable to continue working the Filature, it may be closed till such time when conditions become more favourable. An extract of the proceedings containing the discussions and the resolution passed by the Board is enclosed herewith for information of Government. As it will not be possible for the Mills to continue to work the Filature under present conditions unless an immediate revision of the price

P.T.O

r No:373F dated the 4th December 1943 from Rajasabhabhushana Bahadur Mr.K.R.Srinivasiengar, M.A., Chairman, The Mysore Spun Mills, Ltd., addressed to Mr.H.S.Govinda Rao, B.A., Special er, Filature Expansion Scheme, Bangalore, Camp: New Delhi.

Subject: Revision of manufacturing charges of raw silk.

.....

According to Clause 3(b) of the agreement entered into betweer Company and the Government regarding the supply of filature silk e Supply Department of the Government of India under the Fila- Expansion Scheme, we are allowed a flat rate of Rs.3/- per lb. w silk as manufacturing charges, subject to adjustment upwards wnwards in relation to any variation in the rate of dearness ance or war risks insurance premia. Since then circumstances so entirely altered that a revision of the terms relating to acturing charges is urgently called for to save us from certain sion. These charges have been steadily growing from day to day, not only to increase in wages and dearness allowances of the rees but also owing to abnormal and extraordinary increases in rices of fuel, transport charges and other items of expenditure. ill be seen from the enclosed statement giving the details of from January 1943 till the end of October 1943 that the net ufacturing charges (after giving due credit for reeling charges hich we are getting some payment under our agreement with the ment and also for the value realised by sale of silk wastes, cocoons etc.) have now mounted up to nearly Rs.7/- per lb. inst Rs.3/- only provided in the agreement. Among the chief that have contributed to this increase of Rs.4/- per lb., and dearness allowances account for about Rs.2-8-0 per lb., ransportation charges and sundries about Rs.1-8-0 per lb., the balance. The increases in rates under the various heads ogether due to causes beyond our control and the situation otton so grave and critical for the future, it is quite necessary e them into account and make adequate provision therefor if latures is to continue working successfully.

2. Though, under the terms of the agreement, the flat rate 3/- per lb. allowed for manufacturing charges is made subject justment in relation to any variation in dearness allowance or ake premia, we wish to strongly and respectfully urge for the eration of our Government as well as the Government of India hen there has been an abnormal and extraordinary rise in other of expenditure owing to causes which are beyond our control uld not as have been foreseen at the time of the execution of reement, and which cannot possibly be avoided in spite of our fforts to secure economy in all manner of ways, a liberal and ble interpretation should be given to the agreement and it not be construed in the strict terms of its wording.

3. As you are quite aware, the present market price of ordi- arka silk is well above Rs.35/- per lb. and the filature silk asily fetch a price above Rs.50/- in the civilian market. If, eless, we have undertaken to supply our silk to the Govern- f India at very much lower rates amounting to only about 50 t of the market rate-- we did so with the object of contributing our

[illegible] from the Proceedings of the meeting of the Board of Direc[illegible] the [illegible] Spun Silk Mills, Ltd. held on Friday the 17th [illegible]

---

3. Regarding the working of the Filature Department.

Mr.R.P.Marker wanted to know the causes for the sudden los[illegible] Filature Section during the latter part of the year.

The Manager informed the Board that the loss was due to [illegible]ases in manufacturing charges on account of the rise in [illegible] of all stores including fuel, increase in wages and Dear[illegible]allowance and also due to inadequate supply of cocoons due [illegible]e existence of black markets. He also informed that the [illegible]re Expansion Committee and all the Filature interests in [illegible]tate, viz., Commissioner, Mr.Subbaramaiah, President of the [illegible] Parachute Company and Rajasevaprasakta Mr.K.Rama Rao, [illegible]man of the Mysore Silk Filatures, Ltd., had brought this to [illegible]otice of the Minister and as a result of this a communica[illegible]has been sent by the Mysore Government to the Government of [illegible] on the subject, that the Special Officer, Filature Expansio[illegible]e was also deputed to Delhi by our Government to meet the [illegible]y Member of the Government of India and the Director General [illegible]pplies and other important Officers there and urge the case [illegible]aising the rate of manufacturing cost payable to us and that [illegible]d hopes of our claims being conceded and all our losses ac[illegible] from the month of September 1943 onwards being fully re[illegible]d.

The Chairman also explained that we had undertaken the [illegible]ge of the Government Filature at Channapatna and its fur[illegible] [illegible] and hope that by [illegible] while at the [illegible] and that taking in[illegible]t the conditions [illegible] that the agreement was en[illegible]d into by us with the Government, the manufacturing charges [illegible]e silk to be supplied by us were calculated at Rs.3/- per lb [illegible]dding to profit at Rs.1-8-0 per lb. allowed under the agree[illegible] the price per lb. worked to Rs.10-10-0 based on a renditta [illegible]l fixed by Government, but that owing to the subsequent [illegible]ly increase in manufacturing costs as well as other reasons [illegible]ined by the Manager, it was found that the actual cost had [illegible]ded the rate fixed under the agreement by about Rs.4/- per [illegible]making it impossible for us to continue the supply of silk [illegible]out suffering very heavy loss. The Government of Mysore [illegible] therefore been addressed in the matter of increasing the [illegible]nt allowed for manufacturing costs and they have in their [illegible] written to the Government of India and that their final de[illegible]on was being awaited.

The Chairman also informed the Board of the difficulty [illegible]rienced in obtaining adequate and good quality cocoons in [illegible] markets due to the existence of black markets both in co[illegible]s and silk. He said that the Government had been addressed [illegible]he matter of taking proper and effective steps to prevent [illegible]k markets.

Mr.H.S.Govinda Rao informed the Board that when he was at [illegible]i he explained the matter to both the Supply Member, the [illegible]ctor General of Supply and others and that they seemed to [illegible]onvinced of the reasonableness of our claim for an increase [illegible]he manufacturing charges and that suitable action may be [illegible]cted to be soon taken by the Government of India to settle [illegible] question equitably.

Mr.P.Subbarama Chetty brought to the notice of the Boar[illegible]

board that the Kashmir Government had invited tenders
chase of a portion of their stocks of raw silk...
we might not request our Government to permit ... also
as besides preventing losses to us, it would give relie
extent to the local weaving industry. The Chairman st
under the agreement between us and the Government of M
had to deliver all our silk to the Government of India
under the agree they were taking all our silk irrespecti
standard, and that if we had been allowed to sell even
of our silk for civilian use we would have been able to
the losses so far sustained. He also expressed the app
sion that unless our Government took immediate steps to
completely the existence of black markets both in regard
cocoons and silk and also agreed to allow the actual ine
the manufacturing charges as claimed by us together with
small rate of profit stipulated in the agreement, he was
that we would be subjected to very heavy loss and that w
be...su to avoid such loss, Filatures would have no alterna
left but to close work until the position is proved. He
pointed out that by closing down the Filature and discha
the operatives now employed in the Filature, we shall not
be loosing the large amount expended on their training bu
losing valuable time, as it would take at least six mont
training fresh sets of operatives during which period we
not produce any silk for supply to the Government of Indi

It was finally resolved that the Chairman be auth
to take such action in the matter of closing down the Fil
or continuing to work as he may consider ...
interests of the Company

D.O.No. SY/TX-62(171).

DIRECTORATE GENERAL SUPPLY
New Delhi, 15th April 1944.

Seri 96-43-26

Dear Mr. Vedavyasacharya,

Please refer to my D.O. letter No.SY/TX-62(171) dated the 1st March which gave a preliminary reply to your letters No.5046/Seri./96/43-5 and 5069/71/Seri. 96/43-13 dated 4th and 5th February respectively to Mr. Targett on the subject of revision of manufacturing charges for filature silk and revision of the basis of profit.

2. On the latter question - revision of the basis of profit - we have carefully examined your Government's recommendations but we regret we are unable to accept any change in the margin of profit. As I have already stated in my earlier letter, we feel that the time is inappropriate for linking the profit margin to a tempor rily swollen and abnormal cost of production and that when every effort is being made to combat inflation a frozen profit margin in terms of rupees, annas and pies is to be preferred. There is also another very importar consideration which has influenced us in arriving at this decision. It has been a rigid principle of the Supply Department that whenever the Central Government concedes an ex gratia revision of contractual rates to save a contractor from loss, such revision is related and restricted to actual costs. The Central Government has consistently refused to allow any concessions in the nature of profit to contractors whose rates are so revised. We recognise however that your position vis-a-vis the Central Government is somewhat different and a rigorous application of our principle may restrict the output of your filatures. In recognition of this fact we are prepared to concede the maintenance of the profit margin of Rs.1/6 per lb. to the filatures and at the same time to take up the question of covering them for increases in manufacturing costs since the origina terms of the contract between them and your Government

Government were settled.

3. We have now examined your case for a revision of manufacturing charges and if the contractual obligation on the part of your Government is set aside, a prima facie case seems to have been made for such revision. Our Finance Officer will be deputed very shortly to check up the current production costs at two of your filatures viz., the Mysore Spun Silk Mills Ltd and the Mysore Silk Filatures Ltd. His examination will be completed before my proposed visit to Mysore in early May when I hope to have an opportunity of meeting you and expect to be able to agree with your Government on a revised manufacturing charge for a suitable period.

4. I have already indicated to you that the revision of the terms of the agreement should be reciprocal. The progress of the Expansion Scheme in your State has been reported from time to time by us to HMG in the U.K. who are its sponsors. Naturally HMG expect us to show them some tangibl results now that the scheme has had time to estab itself. You will agree with me when I say that w have not been able to give HMG any substantial grounds for optimism. It is high time that we di something to justify the expenditure incurred in the Expansion Scheme in your State. With this object in view I indicate one or two concrete pro posals which I shall elaborate upon in my persona discussions with you during my tour. In the fir place, we should like your Government to feed th two HMG filatures at Kankanahalli and Kollegal w Mysore cocoons to the limit of their reeling cap city so that the silk so obtained may be consign to the U.K. for war needs which are acute. As product of these filatures will be sold to HMG a [redacted] cost, the least we can do to justify the ex ture on the Expansion Scheme in your State shoul to assure HMG that the two filatures owned by th are working to full capacity and that the produc is available to them forthwith. The second sugg

I have to make before we would concede revision in the manufacturing charges to your other filatures will be that those filatures should agree to the sale of their entire output of silk waste to consumers indicated by the Central Government at rates which will be fixed by us. Mr. Peychaud, the General Manager of the Kollegal Filatures, will prescribe grades of silk waste and the method of extracting such grades.

5. Thirdly, as I mentioned in my letter of the 1st March, we should have to insist on the grading and price differential/which your D.O. letter No.5066/ Seri./96-43-10 of the 5th February refuses to contemplate at present. We consider that this is bound up with the question of the speedy establishment of the Silk Conditioning House and we expect your Government to push on vigorously with its construction. At our February Conference Govinda Rao gave an indication that it would be in some sort of working order about July but we have since had disturbing reports which suggest it may take another year. This would be a set-back to the long term interest of Mysore silk as we have already had other Indian silk graded as D.

6. I am writing separately to you about my tour.

Yours sincerely,

(A. MacFarquhar)

V.Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
General & Revenue Secretariat,
Bangalore.

D.O.No. Sy/Tx.62-171.

WS
24/4/44

DIRECTORATE GENERAL SUPPLY
New Delhi, 18th April 1944.

Dear Mr. Vedavyasacharya,

Your d.o. letter No. D6529/Seri of 13th April on the revision of the cost of manufacture and recalculation of profit on the Filature Expansion Scheme has reached me today. I need not at this stage answer the points you raise as I have already indicated our attitude in my letter No. Sy/Tx 62(171) dated 15th April. I hope we can conclude the matter to our mutual satisfaction when I visit Mysore next month.

2. As promised I now enclose my tour programme and shall be grateful if you can without much trouble make the arrangements for accommodation during my stay. I shall make my own arrangements for Kollegal.

3. I suggest that apart from any general talks we may have during my stay in Bangalore we might hold the quarterly Silk Conference there and confine it to Mysore and Madras. The Bengal and Kashmir problems are rather different at the moment and I see no advantage in an All-India Conference. If this is acceptable to you I leave the date to you. My only stipulation is that while my time will be primarily occupied with silk I must have one day for the business of Hindustan Aircraft Ltd. I would also exclude Sunday from our Conference business. If this general outline is acceptable I leave the details to you. If you wish to get in touch with me by telegram to confirm the programme it might be addressed to Delhi up to 23rd April and thereafter c/o Controller of Supplies, Bombay.

Yours sincerely,
A MacFarquhar
(A. MacFarquhar).

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
General and Revenue Secretariat,
Bangalore.

Tour programme of Mr. A. MacFarquhar, I.C.S., Deputy Director General, Supply, DGS, New Delhi.

May 1944.

1st Departure Bombay V.T. 22.00 Madras Mail

2nd Arrival Guntakal 18.30
Departure " 19.25

3rd Arrival Bangalore 6.45

Departure " 8.35 Mail
Arrival Channapatna 10.5

Halt 4th to 6th

Visit Kankanhalli Filatures and Channapatna Spun Silk Mills.

7th Departure Channapatna to Kollegal by road.

8th Halt. Visit Filatures.

9th Departure Kollegal to Mysore by road.

10th Halt. Visit Filatures and Govt. Silk Weaving Factory.

11th Departure Mysore 22.35. By train.

12th Arrival Bangalore 5.50

Halt 13th to 15th May.

Visit Vellum Parachute Company and Binny's Mills(Silk Section). Silk Conference with Mysore and Madras.

16th Departure Bangalore 21.40 Bombay Mail or by air.

EXPRESS TELEGRAM.

MACFARQUHAR

C/O CONSUPBOM
BOMBAY.

PLEASE REFER ISVARAN'S TELEGRAM TO YOU TODAY REGARDING PROG STOP AS SUGGESTED FURTHER PROGRAMME MAY BE FIXED DURING FIRST TWO DAY'S STAY AT BANGALORE.

CHISEC.

Sender's
address
Bangalore.
27th April, 1944,

Chief Secretary to Governme

Copy of Telegram from

Mr. Isvaran to Mr. Macfarquhar
Deputy Director General of Supply.

" Minister Revenue suggests your halting Bangalore two days visiting Yeshwantpur, Goribidnur, Sidlaghatta. Further programme may be fixed at Bangalore.

ISVARN.

Issued at 9 a.m. on the 27th April, 1944.

Tg 27/4/44

The marginally noted Tel. may be issued as per instructions of the Chief Sec.

O.B.

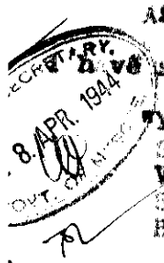
Tg 27.4.44

GOVERNMENT OF INDIA
DEPARTMENT OF SUPPLY

Office of th
Assistant Controller of S
South India Circle,
"Tara Lodge", Basavangudi P.O.,
Bangalore, 27th April 1944

.No.ACS/35

Dear Sir,



After discussion with Minister Ahantaraman, I have sent an Express telegram to you reading as follows

"YOUR TOUR PROGRAMME SENT TO AHANTARAMAN
SUGGESTS YOUR HALTING BANGALORE TWO DAYS
VISITING VOLUNTEER CONFERENCE SIDLAGHATTA
STOP FURTHER PROGRAMME MAY BE FIXED AT
BANGALORE - ISVARAN"

I have informed Mr. Vedavyasachary of this revised arrangement. I will meet you on the 3rd morning at the Railway Station and take you to the Crescent House, Bangalore where your accommodation has been arranged.

With best regards,

Yours sincerely,

(T.V.Iswaran)

A. MacFarquhar, Esq., I.C.S.,
Deputy Director General of Supply,
c/o Controller of Supplies,
BOMBAY.

1. M.P.Pai, Esq., I.C.S., Controller of Supplies, Madras. Since sending my Express Telegram No.ACS/58 dated 24-4-44 to S.Chaudhuri, I understand from Mr. Vedavyasachary a that the 'Race View" has been fully reserved to some visitors from the Nizam's family, Hyderabad. He has however informed me that he will arrange to reserve a suite of rooms for you and Mr. Chaudhuri at the "Crescent House". Mr. MacFarquhar will be treated as a State Guest.

2. S.K.Chaudhuri, Esq., Deputy Director (Textiles

3. V.Vedavyasachariya, Esq., B.A., Chief Secretary to the Government of Mysore, Bangalore.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat.

Dated Bangalore, ...1st May, 1944....

D. O. No. D. 2918.

I am desired to state that Mr.A.MacFarquhar I.C.S., Deput Director-General of Supply, New Delhi, will be visiting the Stat in connection with the discussion of certain outstanding questio regarding Filature Expansion Scheme. Mr.MacFarquhar will be arriving in Bangalore on the morning of the 3rd and stay here fo two or three days before proceeding to Mysore. The detailed pro gramme will be drawn up after his arrival and will be forwarded you in due course It is proposed to treat Mr.MacFarquhar as a State Guest at Bangalore and Mysore, should the proposal meet wi the gracious approval of His Highness.

I am accordingly to request you to kindly obtain and communicate the gracious orders of His Highness in the matter.

Office of the Asst. Controller
of Supplies (Silk), S.I.Circle,
"Tara Lodge", Basavangudi P.O.,
Bangalore, 29th April 1944

O.No.ACS/35

Dear Mr. Vedavyasachārya,

Mr. MacFarquhar has telegraphed to me accepting the revised programme suggested in my telegram to him. He will be arriving here on the 3rd proximo by the Guntakal mail and will be staying here for 2 or 3 days before proceeding to Mysore. I trust that you have already arranged for his stay at the Crescent House as a State guest as intimated to me previously.

Yours sincerely,

(T.V.A.Isvaran)

- MAY 1944

V.Vedavyasacharya, Esq., B.A.,
Chief Secretary to the
Government of Mysore,

GOVT. OF INDIA/DEPARTMENT OF SUPPLY

Office of the Asst. Controller
of Supplies (Silk), S.I.Circle,
"Tara Lodge", Basavangudi P.O.,
Bangalore, 1st May 1944.

D.O.No.ACS/35

Dear Mr. Vedavyasacharya,

I enclose herewith for your information a revised tour programme of Mr MacFarquahar. I have shown this to Anantaraman and he has agreed to the revised arrangements.

In this connection I shall be grateful if you will kindly instruct the Superintendent in charge to reserve a suite of rooms for me at the Old Indian Guest Quarters, Mysore, from 6th to 11th instant.

Yours sincerely,

(T.V.A.Iswaran) 1/5

TOUR PROGRAMME OF A. MACFARQUHAR, ESQ., I.C.S.,
DEPUTY DIRECTOR GENERAL OF SUPPLY

AY 1944

EDNESDAY	3rd	Arr. Bangalore. Visit Binny Mills Silk Section 9 a.m. Vellum Parachute Silk Co., Yeswantpur 3 p.m.
HURSDAY	4th	Dep. to Kankanmalli at 8.30 a.m. by road. Visit to Mysore Spun Silk Mills at Channapatna. Lunch at Channapatna. Return to Bangalore in the evening.
RIDAY	5th	Dep. to Goribidnur by road at 9 a.m. Visit Vellum Parachute Silk Co. Return Bangalore evening.
ATURDAY	6th	Dep. Bangalore by train at 8.30 a.m. Arr. Mysore 12.15
NDAY	7th	Mysore Free. Visit Brindavan Gardens in the evening.
ONDAY	8th	Dep. Mysore by road at 8 a.m. Arr. Kollegal at 10 a.m. Lunch at Kollegal. Return to Mysore visiting the Mysore Filature at T.Narsipur.
UESDAY	9th	Mysore: Visit Mysore Silk Filature at 9 a.m.
EDNESDAY	10th	Mysore: Visit Test House and Government Silk Weaving Factory 9 a.m.

PROGRAMME OF A. MACFARQUHAR, ES.., I.C.S.,
DEPUTY DIRECTOR GENERAL OF SUPPLY.

May 1944.

Wednesday	3rd	Arr. Bangalore. Visit Binny Mills Silk Section 9 a.m. Vellum Parachute Silk Co., Yeswantpur 3 p.m.
Thursday	4th	Dep. to Kankanhalli at 8-30 a.m. by road. Visit to Mysore Spun Silk mills at Channapatna. Lunch at Kkm Channapatna. Return to Bangalore in the evening
Friday	5th	Dep. to Goribidnur by road at 9 a.m. Visit Vellum parachute Silk Co., Return Bangalore Evening.
Saturday	6th	Dep. Bangalore by train at 8-30 a.m. Arr. Mysore 12-15.
Sunday	7th	Mysore free. Visit Brindavan Gardens in the evenin
Monday	8th	Dep. Mysore by road at 8 a.m.
		Arr. Kollegal at 12 a.m. Lunch at Kollegal. Return to Mysore visiting the Mysore Filature at T. Naraipur.
Tuesday	9th	Mysore: Visit Mysore Silk Filature at 9 a.m.
Wednesday	10th	Mysore: Visit Test House and Government Silk Weaving Factory 9 a.m.
Thursday	11th	Dep. Mysore by train at 4 p.m. Arr. Bangalore at 8 p.m.

Memo No.D. 6903-5 Fere

Dated, Bangalore the 2nd May 1944.

Copy of the above is forwarded with compliments to Thu SO & Thu GDO

for Chief Secretary to Government.

334

T020

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

Received here at ... H. 19:48

XX NI BOMBAY R 28 STE PTY (TWO ADDS) (40) 31

IMPORTANT CHISEC BANGALORE.

ACCEPT YOUR SUGGESTION FOR REARRANGEMENT OF PROGRAMME AND WILL SPEOND 3RD AND 4TH MAY AT BANGALORE AND ARRANGE REST OF ~~XXXXX~~ PROGRAMME FROM THERE. - MACFARQUHAR.

12.50 pm

CHIEF SECRETARY 29 APR 1944 GOVT. OF MYSORE

OFFICE OF THE MINISTER FOR REVENUE & LAW 2 MAY 1944 No. 6887.

Min R & L)

For perusal
WD
29/4/44
JA

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in serial number (in the case of foreign Telegrams only), office of origin, date, service instructions (if any), and number of words.

This form must accompany any inquiry respecting this telegram.

Edun Press, Calcutta—No. 146 (5173/B-125)—17-11-42—1,00,000 Bks

Chief Secy

WD 2/5/44. Let
xxx Place
submit
the file at once
28/5

D 6932 of 3/5/44

Dear Sir,

Reference: Working of the 200 basins -
Revision of manufacturing cha

I am desired to acknowledge the receipt of your letter No.556/F. dated 13-4-1944 on the subject and to say that as regards the revision of the cost of manufacture, the Govt. of India have been approached in the matter and they have agreed to depute their Costs Accounts Officer for examining the accounts of the Filatures ~~xxxx~~ including ~~you~~ the Bhadravathi Ch-Pa It is expected that this officer would be coming here very shortly.

As regards the delay, if any, in the payment of bills on account of silk supplied, I am to state that necessary instructions have been given to the Special Officer and to request you to inform this office if any bill is delayed. In the meanwhile the Minister ~~of~~ for Revenue & Law will would be glad to meet you or the Secretary of the Mills for a discussion on the point.

Yours faithfully,

(Chief Sec)

Diwan Bahadur R.G.
Rajamanthrapravina K.R.Srinivasiengar, Esq., M.A.,
Chairman, The Mysore Spun Silk Mills, Ltd.,
Basavanagudi Post, Bangalore City.

D 6933 of 3/5/44

A copy of the above is forwarded w/c to the S.O. with a request that a statement of details be submitted every Saturday showing silk bills received and payments made to the filatures & the bills pending payment, with particulars of the dates of their receipt & the reasons for their pendency.

26/4/44
Chief Sec.

V.Vedavyasacharya, B.A.,
Chief Secretary to Government.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat.

D. O. No. D 6932 Secr

Dated Bangalore, 3 May, 1944.

Reference :- Working of the 200 basins--
Revision of manufacturing
charges.

Dear Sir,

I am desired to acknowledge the receipt of your letter No.556/F dated the 13th April, 1944 on the subject and to say that as regards the revision of the cost of manufacture, the Government of India have been approached in the matter and they have agreed to depute their Cost Accounts Officer for examining the accounts of the Filatures including the Filature at Channapatna. It is expected that this Officer would be coming here very shortly.

As regards the delay, if any, in the payment of bills on account of silk supplied, I am to state that necessary instructio have been given to the Special Officer and to request you to inform this office if any bill is delayed. In the meanwhile the Minister for Revenue and Law will be glad to meet you or the Secretary of the Mills for a discussion on the point.

Yours sincerely,
Sd/- V.Vedavyasacharya.

Memo No.D.

Dated, Bangalore the May, 1944.

Diwan Bahadur
Rajamanthrapravina K.R. Srinivasiengar, Esq., M.A.,
Chairman, The Mysore Spun Silk Mills, Ltd.,
Basavanagudi Post, Bangalore City.

Memo No.D. 6933

Dated, Bangalore the 3 May, 1944.

Copy of the above is forwarded with compliments to the Special Officer, Silk Filature Expansion Scheme, with a request that a statement

be submitted every Saturday showing details of silk bills received from and payments made to the filatures and the bills pending payment, with particulars of the dates of their receipt and the reasons for their pendency.

for Chief Secretary to Government.

DEPARTMENT OF SERICULTURE.

Office of the Special Officer,
Filature Expansion Scheme,
No. 162, Vani Vilas Road,
Basavangudi P.O.,
Camp Kankanhalli, 28th April 44

C. 258.

Dear Sir,

I have received information that Mr.S.K. Chaudhuri, Deputy Director of Textiles(Silk), and Mr. S. Ratnam, Deputy Financial Adviser, Supply Department, New Delhi will be reaching Bangalore on the evening of 11th May 1944 in connection with the visit of Mr. MacFarquhar, Deputy Director-General of Supplies(I) and require accommodation in Bangalore during their stay. One double room will be sufficient for the two officers. They stay till 16th evening. I shall be grateful if you can kindly arrange to provide accomodation for them in "Race View" from 11th evening to 16th evening as they have to be very near the place where the Deputy Director-General would stay.

Yours sincerely,

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government
of Mysore, Bangalore.

PSS.

Appendix F. G.—1]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

Date of issue ..... 5/5 .....

Signed by..... W. 7/5

; of enclosures.....

Codied by.....

Examined by.....

General and Revenue Secretariat

( )

the 194 .

Section

File No.

Serial No. Immediate

No. D 7012

To

The Special Officer, S.F.E. Scheme
(by name)

Dear Sir,

I am desired to invite reference to this office letter No. D. 6701 dt 24.4.44 forwarding copies of Mr. MacFarquhar's letters dt 15th & 18th April 1944 along with Copies of minutes of the Minister for Revenue & Law on the letter dt 15.4.1944 and to request you kind to furnish the reports and notes also called for immediately on all the points raised in the letters of Mr. MacFarquhar and the minutes of the Revenue Minister immediately.

A detailed note report may also be

P.T.O.

WD C4161—GPB—60,000—24-10-41

furnished with regard to the suggestion of the Govt. of India relating to the sale of silk waste by the filatures to the Consumers indicated by the Central Govt. at rates fixed by them.

I am to state that the following meetings with Mr. MacFarquhar have been arranged:-

(1) 15.5.1944 — 3 P.M. — Meeting with Mr. MacFarquhar & Departmental officers.

(2) 16.5.44 — 9.30 A.M. — do — and Filatures

(3) 16.5.44. — 3 P.M. — Final meeting.

I am to request you kindly send immediately agendas for the meetings together with ~~all~~ notes on each of the subjects to be included in the agenda. Wherever necessary with Mr MacFarquhar to be

The matter may be treated as ~~very~~ urgent.

Yours sincerely

S/S/m

To, The S.O. (by name)

immediate

TOUR PROGRAMME OF MR.M.P.P.I, I.C.S., CONTROLLER OF SUPPLIES, SOUTH INDIA CIRCLE, Madras.

700 P.

Thursday	11-5-44	Dep. Madras 20.15 hours (Bangalore Mail)
Friday	12-5-44	Arr. Bangalore 18.0 hours

Halt at Bangalore from 12th to 16th of May.

Tuesday	16-5-44	Dep. Bangalore 20.00 hours (Bangalore Mail)
Wednesday	17-5-44	Arr. Madras 06.45 hours

Office at Bangalore. "Lee View", Bangalore.

Copies to:-

1. Joint Secretary to the Govt. of India, Dept. of Supply, Main Secretariat, New Delhi.
2. The Joint Secretary to the Govt. of India, Munitions Production Branch, Calcutta.
3. The Director General of Supply, New Delhi - 6 copies.
4. The Private Secretary to H.E. the Governor of Madras, Govt. House, Guindy.
5. The Fourth Adviser to H.E. the Governor of Madras, Fort St. George, Madras.
6. The Resident, Mysore, Bangalore.
7. The Chief Secretary to the Govt. of Mysore, Bangalore.
8. The Chief Controller of Supplies (Civil), Cubbon Road, Bangalore.

Secy
8. APR 1944
GOVT OF MYSORE

T.O.M.

Draft of a letter to S.O. for approval. Submitted herewith.

Copy to S.O. for necessary

Draft-

V 7446 of 8/5

To, S.O., S.F.E. Scheme.

Sir,

I note below for your information the programme of Mr. M.P. Pai, D.C.S., Controller of Supplies, South India Circle, Madras.

Thursday 11.5.44. Dep. Madras 20.15 hours (Bangalore Mail)

Friday 12.5.44 Arr. Bangalore 19.00 hours

Halt at Bangalore from 12th to 15th of May

Monday 16.5.44. Dep. Bangalore 20.50 hours

Tuesday 17.5.44 Arr. Madras 06.20 hours (Bangalore Mail)

Address at B'lore "Race View", Bangalore.

I have etc.

8/5

For Chief Secy.

GOVERNMENT OF INDIA.

Department of Supply.

No. [illegible]/ob.

Office of the
Asst. Controller of Supplies,
(Silk), S.I.Circle, "Tara Lodge
Basavangudi P.O. Bangalore,
Dated, 8th May 1944.

To

J.Vedavasachārya, Esq., B.A.,
Chief Secretary to Government
of Mysore, BANGALORE.

Sir,

Sub: Silk Conference.

I am desired to enclose a copy of the Agenda for the meeting of the Silk Conference to be held in the Revenue Minister's room, Public Offices, Bangalore, on the 11th May at 5 P.M. I request you to kindly make it convenient to be present.

I have the honour to be,
Sir,
Your most obedient servant,

(T.V.A:Isvaran)
Asst. Controller of Supplies,
(Silk)

Agenda for the meeting of the Silk Conference with Mysore on the 15th instant at 3 P.M. in the Revenue Minister's Room, Public Offices, Bangalore.

***

1. Action arising out of the points discussed at the last Conference at Delhi.

2. Points which the Mysore Government wish to bring forward.

3. Points which the Government of India wish to bring forward.

....

as to:-

1) Personal Assistant to Rajamantrapravina K.V.Anantharaman, Minister for Revenue and Law.

2) Mr. A.MacFarquhar, I.C.S., Deputy Director General of Supply.

3) Mr. M.P.Pai, I.C.S., Controller of Supplies, Madras.

4) Mr. S.K.Chaudhuri, Deputy Director of Textiles (Silk)

5) Mr. S. Ratnam, Deputy Financial Advisor, Supply Finance.

6) Mr. V. Vedavisacharya, B.A., Chief Secretary to Government of Mysore.

7) Capt. J. W. Fawcett, Officer in charge of GID Bangalore.

8) Capt. C.D.Peregrine, Officer in charge of Raw Silk Inspection, Calcutta.

9) Mr.H.S.Govinda Rao, Special Officer, Filature Expansion Scheme, Bangalore.

10) Rajaseva Sakta T.V.L. Iyengar, Asst. Controller of Supplies (Silk)

7274

OFFICE OF THE SPECIAL OFFICER,
FILATURE EXPANSION SCHEME,
JAYA VILAS, VANI VILAS ROAD,
BASAVANGUDI P.O., 12th May 1944.

Quarterly Silk Conference - Supply Department - To be held at Bangalore, May 1944

...MINISTER
...LAW
13 MAY 1944
7258.

I understand that the Deputy Director-General of Supply (I) and his Assistants will hold an Officers meeting of their own on the morning of 13th May 1944 in Crescent House. The same afternoon, the meeting will be held at the same place with Madras at which the Director of Industries and Commerce, Madras and the General Manager, Government Silk Filature, Kollegal, would be present.

I.R. 14/5 The Madras Officers will not attend the meeting to be held on 15th afternoon and 16th.

W. ... Special Officer,
Filature Expansion Scheme.

The Chief Secretary
to Government of Mysore
with compliments.

Min R x d)

12/5/44
12/5

FSS.

QUARTERLY SILK CONFERENCE.

3 P.M. on 15th May 1944 and on the afternoon of 16th May 1944

Persons who are likely to attend the Conference.

PPLY DEPARTMENT,NEW DELHI.

1. Mr. A. MacFarquhar, I.C.S.,
   Deputy Director-General of Supply(I)

2. " M.P. Pai, I.C.S.,
   Controller of Supplies,Madras.

3. " Rajasevasakta Mr.T.N.A. Isvaran, B.A.,
   Assistant Controller of Supplies (Silk),Bangalore.

4. " S.K. Chaudhuri,
   Deputy Director of Textiles.

5. S. Ratnam,Esq.,
   Deputy Financial Adviser.

6. Mr. D.G. Russel,
   Director, Ordnance Laboratories,
   Cawnpore.

7. Capt. Peregrine,
   Officer in charge of Raw Silk Inspection,Calcutta.

8. Capt. Fawcett,
   Officer in charge, Ordnance Inspection Depot,Bangal

YSORE.

1. Rajamantrapravina
   K.A. Anantaraman, Esq., B.A.,
   Minister for Revenue and Law.

2. Mr. V. Vedavyasacharya, B.A.,
   Chief Secretary to the Government of Mysore,
   Bangalore.

3. " H.S. Govinda Rao, B.A.,
   Special Officer, Filature Expansion Scheme.

4. " T. Shamanna, M.A.,
   Assistant Secretary to Government,
   Development Department.

There may be two steno-typists of Special Officer and o of the Supply Department.

For the meeting at 9-30 A.M. on 16th May, it is expected at all the above gentlemen would be present with the follow-g additions:-

1. Rajasabhabhushana Diwan Bahadur
   K.R. Srinivasa Iyengar, Esq., M.A.,
   Chairman, Mysore Spun Silk Mills,Ltd.

2. Rajasevaprasakta
   N.Rama Rao, Esq., B.A.,B.L.,
   Chairman, Mysore Silk Filatures,Ltd.

3. V. Sundaramurthi, Esq.,
   President, Vellum Parachute Silk Co.,Ltd.

4. K. Shamsuddin Khan, Esq., B.A.,
Manager, Mysore Spun Silk Mills,Ltd.

Seating arrangements for 15 people on main table on 15th afternoon and 16th afternoon. On 16th morning for 20 people on main table.

Seating arrangements for 4 stenotypists on 15th and 16th.

Light lunch arrangements for 15 people in library hall on 15th afternoon and 16th afternoon say at 5 P.M. from Crescent House and on 16th morning coffee or tea and biscuits to be served on the conference table at 10-30 A.M. to all.

This is urr

7489.

D.O.No. DDGI/73/44.

DIRECTORATE GENERAL SUPPLY
(Camp) Bangalore, 16th May 1944.

Dear Mr. Vedavyasacharya,

Before I leave Bangalore I should like to thank you for all the comfort and courtesy which the State has extended to me during my stay here. It was extremely kind of you to treat me as a State Guest and I am very grateful. I have also had facilities for seeing what was happening in filature silk and I am sure our contact will be of value to the object we both have in view.

Yours sincerely,

(A. MacFarquhar)

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
General and Revenue Secretariat,
Bangalore.

Amantrapravina
K. V. ANANTARAMAN,
Minister for Revenue and Law.

PUBLIC OFFICES,
Camp Kemmangandi,
Bangalore, ...18th.....May... 1944

GOVERNMENT OF MYSORE

VG
20/5/44

My dear Vedavyasacharya,

I send herewith the reports of the proceedings of the meeting held on the 15th instant prepared by our Reporters and the Reporters brought by the Officers of the Supply Department. I have made a few changes in them which are only verbal. Please send a copy of each report immediately to Mr. MacFarquhar.

Yours sincerely

K. V. Anantaraman

sent to Mr A. MacFarquhar / K. V. Anantaraman
today, with a covering
letter.

To
V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government
of Mysore, Public Offices,
Bangalore.

VG

Expansion of filature silk production in Mysore.

Record of decisions taken at a meeting between representatives of the Government of India and of the Government of Mysore held at Bangalore on 15th May 1944 under the chairmanship of Mr. Anantaraman, Minister for Finance and Revenue, Mysore.

Production of silk. The effective date of the contract being 1st July 1943, production at the full rate of 438,000 lbs of silk a year is due to be achieved by the end of 1944. The Mysore Government undertook to do everything possible towards having the filatures in full production by that time. They pointed out that their full capacity may have been overestimated and might be nearer 350 lbs of silk per basin per annum than the anticipated 300 lbs.

2. Price of silk. The Government of India having taken into account the considerations set forth in correspondence received from the Mysore Government as to the losses on manufacturing costs sustained under the present contract and having investigated the costs of average filatures, offered the following revision of price for the basic quality of silk (Delhi "F" Grade):

(a) Cost of cocoons calculated under the approved formula with the agreed adjustment for the cost of living;/ plus

(b) average net cost of manufacture at Rs.6/- per lb instead of Rs.3/- per lb; plus (c) fixed profit at the rate of Rs.1-6-0 per lb.

In calculation of the additional payments due the cost of cocoons will be taken at the official Mysore rate in the month the silk was delivered to their testing house while the manufacturing charge would be allowed at a level rate throughout the period. The Government of India proposed to offer this revision for all supplies made from the beginning of the contract to 30th June 1944 and to revise the element of manufacturing cost in the price at six-monthly intervals thereafter on the basi

of a costing of average filatures. The Mysore Government accepted this revision of price as meeting the case they had put forward.

3. For the Government of India it was pointed out that there had been until very recently a gap between the renditta at which cocoons were sold in markets and the renditta secured in the actual working of the filature and as this involved an additional loss to the filature which the revised price did not cover and which could not be admitted without reflection on the efficiency of market operations the Government of India suggested that the Government of Mysore in the interest of silk production might bridge the gap by an ex gratia payment to the filatures from the surplus which had accrued on sales of charkha silk. * For the Mysore Government it was admitted that market arrangements ~~had been by no means perfect and may have~~ had contributed to a loss on renditta, ~~but this was not the only element in the loss and the~~ Mysore Government would prefer to await any representation the filatures were to make before taking a decision on this matter.

4. Control measures. The Government of India suggested that the distribution of a share of the surplus which accrued from sales of silk to cocoon rearers and charkha reelers put filature reelers at a disadvantage, and asked the Government of Mysore to consider the expediency of stopping such payments which amounted to a considerable premium on the production of charkha silk. The Government of Mysore were not prepared to admit that these payments operated unfairly on the filatures until they had assessed the value of various privileges enjoyed by the filatures. They considered that the remedy for unfair charkha competition was control of smuggling which they were carrying out and enforcement of ceiling prices for silk cloth in

give this latter measure active consideration.

5. Silk waste. The Government of India asked whether silk waste from the Mysore filatures could be made available for HMG. The Mysore Government replied that the capacity of the Channapatna Spun Silk Mills must first be fed and that they could therefore not put Mysore silk waste at HMG's disposal.

6. Cocoons for Madras. The Government of India requested the Mysore Government to assist the Government of Madras with cocoons until Madras mulberry acreage was adequate. The gap was put at a million lbs of cocoons a year for the next two years. The Mysore Government promised all possible assistance and in view of their own acreage anticipated no difficulty in supplies. They were prepared to assist even to the extent of controlling charkha reelers in the area to the extent they have done for their own filatures. A formal request from Madras would be awaited.

Proceedings of the Silk Conference held at 3 P.M. on Monday the 15th May 1944 in the Chambers of the Minister for Revenue and Law, Public Offices, Bangalore.

P r e s e n t.

1. Rajamantrapravina
K.V. Anantharaman, Esq., B.A.,
Minister for Revenue and Law.

2. A. MacFarquhar, Esq., I.C.S.,
Deputy Director General of Supply (I)

3. Mr. Drake, I.C.S.,
Secretary to the Resident,

4. Mr.M.P. Pai, I.C.S.,
Controller of Supplies,
South India Circle.

5. S. Ratnam, Esq.,
Deputy Financial Adviser.

6. S.K. Chaudhuri, Esq.,
Deputy Director of Textiles.

7. Capt. C.P. Peregrine,
Officer in charge of the Raw Silk Inspection, Clacutta.

8. Capt. J.W. Fawcett,
Officer in charge, Ordnance Inspection Depot, Bangalore.

9. Rajasevasakta
T.V.A. Isvaran, Esq., B.A.,
Assistant Controllerof Supplies,
South India Circle, Bangalore.

10. H.S. Govinda Rao, Esq., B.A.,
Special Officer, Filature Expansion Scheme.

11. V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore, Bangalore.

12. T. Shamanna, Esq., M.A.,
Assistant Secretary to Government.

I. Erection of Basins.

Mr. MacFarquhar, Deputy Director-General of Supply (I) stated that he visited the filatures in the Mysore State and was impressed with the progress made so far in construction of buildings, etc. and the interest taken in the expansion work, but thought that the target figure of

re of 1,460 (basins to be erected) could not be hed within the prescribed time i.e. with 18 hs from 1st July 1943.

The Minister for Revenue and Law stated that basins had been erected, and 562 were in work-condition and that the balance of the reeling inery was ready but but could not be erected and ght to working order owing to delay in getting nt asbestos sheets, for roofing ths in some s and the attempt of one big filature (to change to re-reeling.

The Special Officer also explained that the atures could not instal the reeling machinery to the fact that the buildings could not be ready on account of the delay in the supply roofing materials. As regards that the Govern- t Filature, Kankanhalli, he stated that 50 basins e working, 25 for training of labour and 25 factory scale. The estimate of production of k 4,38,000 lbs was based on the assumption that 32 denier silk would be produced. If finer k is to be produced the production would go n. The production of silk had been assumed 1 lb a day per basin but in actual practice it is found possible to produce one lb a day iner sizes have to be reeled and that as quality to be improved by reducing the number of ends the speed of reels.

It was agreed that the production per basin year might be taken at 250 Lbs.

While reviewing the work in regard to the nber of basins erected at Doribidnur by the llum Parachute Silk Co., it was decided to certain from the filature the number of basins ady for erection as the company should have

ave more basins but may not have erected them.

[. Production of silk.

The Special Officer had prepared an estimate
: production of silk and stated that 1,16,800
is. would be produced from May to December 1944
rsore Silk Filatures, Mysore Spun Silk Mills,
td. and the Government Filature, Kankanhalli.
s regards the Filatures of Vellum Parachute
ilk Co,.,Ltd. he stated that Vellum Parachute
ilk Co. ... changing the basins for re-reeling.
The estimates of silk that would be produced
ill the machinery is changed for re-reeling may
e ascertained and included in the estimate.
ne Minister also said that the estimates should
nclude the production of silk in the old 390
asins owned by the Mysore Silk Filatures and
ne Mysore Spun Silk Mills as the production
om these basins is also being supplied to the
overnment of India.

III) Improvement of quality of silk.

The Deputy Director-General of Supply(I)
xxxxd xhxt xhx Dxpuxy Finaxxix pointed out
hat the silk produced by the trained labour
nd trainees should be sorted out and
elivered to the Testing Section separately.
he Minister for Revenue and Law stated
hat this may be done.

The Special Officer reported that the
uggestions made by Mr. Gaddum were being
dopted by the filatures.

V. Review of contract terms.

The Deputy Director General of Suppl
tated that the Deputy Financial Adviser
ad examined the manufacturing ix costs i
wo filatures and had ascertained that th

manufacturing charge per lb of silk after deducting the realisations from silk waste ~~etc. would be~~ less Rs.6 as per figures from July 1943 to end of March 1944. The filatures would ~~have to~~ be paid manufacturing charges at Rs.6/- per lb for all silk supplied from July 43 to end of June 44. The same rate would be paid ~~till~~ during 1944 to the end of December 1944 subject to adjustment after examining the figures ~~after December 1944.~~ for the year The rate ~~to be payable~~ would apply to all filatures ~~whether they adopture-reeling methods~~ or not.

~~It was also suggested~~ Mr. D. D. G. suggested that the price of cocoons for calculating the price of silk should be the controlled price for standard quality cocoons prevailing in the manth in which the silk was delivered.

The profit ~~will~~ would be Rs.1/6/- per lb. of silk. a year

~~The matter was decided to be placed before the filature interests.~~

The Deputy Director General of Supply then raised the question of the compensation for the loss the filatures had sustained on account of the variation in the estimated rendita and the actual rendita obtained ~~after~~ at the markets in reeling ~~by the filatures~~. He suggested that such loss might be compensated by the Government of Mysore from the surplus realisations from the sale of charka silk under Silk Control Scheme.

The Minister for Revenue and Law stated that ~~the filature would have to bear the loss and~~ the surplus realised by the sale of charka silk ~~was not available~~ could not be used for this purpose as the same would be distributed among the rearers who had supplied cocoons both to filatures and charka reelers and to such of the reelers who had supplied silk to the Government Silk Depots and whose silk contributed to the surplus.

The charka reelers & the Cocoon growers could not ~~in~~ fairness be called upon to pay for losses to which people could ~~when~~ they had nothing to do & for which they were not responsible

The Minister for Revenue and Law further stated that large quantities of charka silk were being smuggled on account of the high price the silk commanded now in a scarcity market ~~and this was one of the causes for the~~

unauthorised disposal of the cocoons. It was desirable that ceiling prices for silk fabrics should be fixed on an All India basis.

It was also necessary that the Madras Presidency should amend the Silk Control Order so as to prevent smuggling of silk from Mysore to Madras Presidency and to keep an eye on the silk weaving establishments in Madras Presidency.

The Deputy Director-General of Supply (I) wanted to know if the filatures would be agreeable to alter the terms of contract so that it may be either for a period of 3 years or for the supply of one million lbs of silk whichever would be earlier.

The Minister was not in favour of any alterations as the filatures might suggest other alterations. Any way he left it to the Deputy Director General to put it before the filatures if he considered it absolutely necessary.

V. Reports.

The Minister for Revenue and Law stated that any information required would be furnished by the Special Officer who would send a copy of the report to the Government of India.

VI. Disposal of silk waste.

The Deputy Director-General of Supply (I) stated that the silk waste should be graded and disposed of at rates fixed by the Government of India to the Mysore Spun Silk Mills or any other concern as H.M.G. required large quantities of 1st and 2nd grade silk waste.

The Minister stated that the Mysore Spun Silk Mills, Ltd., may purchase the silkwaste at market price as at present as the disposal of silk waste did not come under the terms of the contract. The silk waste has to be paid for at market rates and the requirement of Mysore Spun Silk Mills should be met first.

VII. Supply of cocoons to Kollegal Filatures.

The Deputy Director-General of Supplies, wanted to know the position in regard to supply of cocoons to Kollegal Filatures. The Special Officer read a note indicating the action taken to supply cocoons to Kollegal and stated that full cooperation would be extended to supply cocoons whenever availab

The Special Officer said that the Kollegal Filatu might arrange to purchase cocoons not only in the markets exclusively alloted to them but also in othe markets when cocoons are available in large quantiti and the filatures in Mysore did not require these cocoons so that the Kollegal Silk Filatures might lay in sufficient stocks during the season.

VIII. Grading and price differentials.

The Deputy Director-General of Supplies said that with the appliances available in Keeling Sectio

at Mysore, it would be possible to grade the silk. The Special Officer stated that the aeriplane is required for conducting tests and that panels for the same were not available. Capt. Pergrine said that he might be able to supply panels from Calcutta.

With regard to price differentials it was pointed that the Govt Government of India had agreed to price differentials in the ascending order up to "C" grade only and not for higher grades. It was suggested that it was desirable that increase in prices should be given for grades higher than "C" also. The Supply Department Officers agreed to consider this suggestion. The question of adopting grading and price differentials based on mechanical tests which can be conducted at Mysore was decided to be put before the filature interests.

IX.

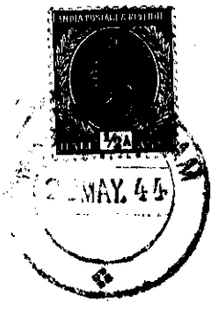
The Special Officer, Filature Expansion Scheme, brought to the notice of the Deputy Director-General of Supplies that owing to the [illegible] for priority for waggons cement asbestos sheets could not be obtained and the building works could not be completed. Eleven waggons were required for the purpose.

The Deputy Director-General of Supplies noted down the point for needful action.

The Special Officer also brought to the notice of the Committee that the extension of the Silk Control Order to the other areas than Kollegal in the Madras Presidency was necessary so that smuggling of silk from Mysore could be avoided.

Letter to

A. MacFarquhar, Esq. I.C.S.
Director Genl. of
Supplies (1)
Deptt. of Supplies,
Shahjahan Road,
New Delhi



Seri 96-43-28 Journal D.O No. A.S 20-5-4

S. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

~~(Continuation sheet draft form.)~~

Subject:- Dirk Filat
Expansion in My Jou

Dear Mr. MacTaggart,

I am desired
send herewith, a co
each of the Record o
decision taken at th
meeting held at 3 P.
on Monday the 15th
May 1944. The cop
marked A is accord
to the rendering by My
Reporter and the on
marked B is as it
was taken down
our Reporter. You
will notice that th
changes made in A
are few and are
merely verbal.

Will you plea
acknowledge the rece
of the enclosure?

Yours sincerely,

D.O.No.DDGI-76/44.

DIRECTORATE GENERAL SUPPLY
(CAMP) Bangalore, 16th May, 1944.

Dear Mr. Anantaraman,

Before leaving I should like to thank you for the assistance and co-operation I had during my visit to Mysore. I trust that our labours will result in an early and heavy flow of good filature silk.

With every good wish,

Yours sincerely,

(A. MacFarquhar)

OFFICE OF THE MINISTER
FOR REVENUE & LAW
22 MAY 1944
No. 7468

K.V.Anantaraman, Esq., B.A.,
Minister for Finance and Revenue,
Bangalore.

DEPARTMENT OF SERICULTURE.

346
Enc 2

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O.,22nd May 1944.

Dear Sir,

I send herewith two copies each of the draft proceedings of the meeting held at the Chambers of the Minister for Revenue and Law on 15th May 1944 at 3 P.M. and on 16th May at 9-30 A.M. with the Supply Department Officers of the Government of India.

Yours sincerely,

H. S. [illegible]

V.Vedavyasacharya, Esq.,B.A.,
Chief Secretary to the Government of Mysore,
Bangalore.

Draft proceedings of the Silk Conference held at 3 P.M. on Monday the 15th May 1944 in the Chambers o: the Minister for Revenue and Law, Public Offices, Bangalore.

P r e s e n t.

2. Rajamantrapravina
K.V. Anantharaman, Esq., B.A.,
Minister for Revenue and Law.

2. A. MacFarquhar, Esq.,I.C.S.,
Deputy Director-General of Supply (I).

3. Drake, Esq., I.C.S.,
Secretary to the Resident.

4. M.P.Pai, Esq., I.C.S.,
Controller of Supplies,South India Circle.

5. S. Ratnam, Esq.,
Deputy Financial Adviser.

6. S.K. Chaudhuri, Esq.,Deputy Director of Textiles

7. Capt. C.D. Peregrine,
Officer in charge of Raw Silk Inspection,
Calcutta.

8. Capt. J.W. Fawcett,
Officer in charge,Ordnance Inspection Depot,
Bangalore.

9. Rajasevasakta
T.V.A. Isvaran, Esq., B.A.,
Assistant Controller of Supplies(Silk),
South India Circle, Bangalore.

20. V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
Bangalore.

11. H.S. Govinda Rao, Esq., B.A.,
Special Officer, Filature Expansion Scheme,
Bangalore.

12. T. Shamanna, Esq.,M.A.,
Assistant Secretary to Government.

I. Erection of Basins.

Mr. MacFarquhar,Deputy Director-General of Supply (I) stated that he visited the filatures in t Mysore State and he was impressed with the progress so far re. the construction of buildings,etc, and th interest taken in the expansion work but thought tha the target figure of 1,460 (basins to be erected) co not be reached within the prescribed time i.e. with

[redacted]in 18 months from 1st July 1943.

The Minister for Revenue and Law stated tl basins had been erected and 562 were in working tion and that the balance of the reeling machine ready but could not be erected and brought to wo order owing to delay in getting cement asbestos for roofing in some cases and the intention of o filature to change over to re-reeling.

The Special Officer also explained that th tures could not install the reeling machinery du the fact that the buildings could not be got rea account of the delay in the supply of roofing ma As regards the Government Filatures, Kankanhalli, stated that 50 basins were working, 25 for traini of labour and 25 on factory scale. The estimates production of silk 4,38,000 lbs was based on th assunption that 28/32 denier silk would be produc If finer silk is to be produced the production wo naturally go down. The production of silk had be assumed at 2 1 lb. a day per basin but in actual tice it is not found possible to produce one lb a as finer sizes have to be reeled and as quality ha to be improved by reducing the number of ends and speed of the reels.

It was agreed that the production per basin ear might be taken at 250 lbs.

While reviewing the work in regard to the nu f basins erected at Goribindur by the Vellum Para ilk Co.,it was decided to ascertain from the fila ure the number of basins ready for erection as th ompany should have more basins ready but may no ave been erected them.

4. Production of silk.

The Special Officer had prepared an estimate o roduction of silk and stated that 1,16,800 l

ould be produced from May to December 1944 by
ysore Silk Filatures,Mysore Spun Silk Mills,Ltd.
nd the Government Filature,Kankanhalli. As regards
he filatures of Vellum Parachute Silk Co.,Ltd., he
tated that Vellum Parachute Silk Co. was changing
he basins for re-reeling.

It was decided that the estimates of silk that
ould be produced till the machinery is changed for
e-reeling may be ascertained and included in the
stimate. The Minister also said that the estimates
hould include the production of silk in the old
54 basins owned by the Mysore Silk Filatures and
ie Mysore Spun Silk Mills as the production from th
e ins is also being supplied to the Government of
ndia. Firm forecasts after discussing again with
llatures should be given as silk has to be supplied
s per forecast to keep up weaving programme,etc.

II. Improvement of quality of silk.

The Deputy Director-General of Supply (I) point
l out that the silk produced by the trained labour
th selected cocoons and that produced by trainees
hould be kept separate and delivered to the Testing
ection separately. The Minister for Revenue and
w stated that this may be done.

The Special Officer reported that the suggestic
de by Mr. Gaddum re. sorting of cocoons, reducing
mber of ends and speed of reels were being adopted
the filatures.

. Review of contract terms.

The Deputy Director-General of Supply (I) state
at the Deputy Financial Adviser had examined the
nufacturing costs in two filatures and has ascer-
ined that the manufacturing charge per lb of silk
ter deducting the realisations from silk waste etc.
uld be Rs. 6/- per figures from July 1943 to

[illegible] charges at Rs.6/- for all silk supplied from July 2943 to end of June 1944. The same rate would be paid for supplies ~~fx~~ made from July 1944 to end of December 1944 subject to adjustment after examining the figures after December 2944. The rate is payable to all filatures whether they adopt re-reeling methods or not.

provisionally

It was also suggested that the price of cocoons for calculating the price of silk should be the controlled price for standard quality cocoons prevailing in the month in which the silk was delivered at the Silk Testing House.

The profit will be Rs. 1-6-0 per lb of silk.

The matter was decided to be placed before the filature interests.

The Deputy Director-General of Supply stated that during the course of examination of accounts of the filatures, it has been ascertained that the fila-tures had suffered losses as the rendita obtained was actually higher than that fixed by the Markets and mentioned that the question of compensating for the loss the filatures had sustained on account of the variation in the estimated rendita and the actual rendita obtained after reeling by the filatures had to be considered to allow the filature to put forth their best efforts to expand work. He suggested that such loss might be compensated by the Government of Mysore from the surplus realisations from the sale of Charka silk under Silk Control Scheme.

The Minister for Revenue and Law stated that the filatures would have normally ~~xxx~~ to bear the loss and the surplus realised by the sale of charka silk was not available as the same would be distributed among the rearers who had supplied cocoons both to filatures

filatures and charka reelers and to such of the reelers who had supplied silk to the Government Silk Depots and whose silk contributed to the surplus. The filatures would be entitled to a share in the surplus to the extent the filature silk come to the Depots i.e. if the silk was not taken over by the Government of India. Such loss due to higher rendita would always be there in the early stages as that was the training period when trainees produce more waste than silk and consequently rendita would be very much higher than in the case when all the basins are worked by fully trained hands. The filatures are given outright grants towards training charges which have to cover a part at least of the higher rendita obtained during the training period.

The Minister for Revenue and Law further stated that large quantities of charka silk were being smuggled on account of the high price of silk commanded now in a scarcity market and this was one of the causes for the unauthorised disposal of the cocoons. It was desirable that ceiling prices for all kinds of silk fabrics should be fixed on an All India basis.

It was also necessary that the Madras Presidency should amend the Silk Control Order so as to prevent smuggling of silk from Mysore to Madras Presidency and to keep an eye on the silk weaving establishments in Madras Presidency.

The Deputy Director-General of Supply(I) wanted to know if the filatures would be agreeable to alter the terms of contract so that it may be either for a period of three years or for the supply of one million lbs of silk whichever would be earlier.

The Minister was not in favour of any alterations as the filatures might suggest other alterations. Anyway he left it to the Deputy Director-General to put

V. Reports.

The Minister for Revenue and Law stated that any information required would be furnished by the Special Officer who would send a copy of the report to the Government of India.

VI. Disposal of silk waste.

The Deputy Director-General of Supply(I) stated that the silk waste should be graded and disposed of at rates fixed by the Government of India to the Mysore Spun Silk Mills or any other concern indicated by the Government of India as H.M.G. required large quantities of 1st and 2nd grade silk wastes.

The Minister stated that the Mysore Spun Silk Mills,Ltd. may purchase the silk waste at market price as at present as the disposal of silk waste did not come under the terms of the contract. The silk waste has to be paid for at market rates and the requirements of Mysore Spun Silk Mills should be met first.

VII. Supply of cocoons to Kollegla Filatures.

The Deputy Director-General of Supplies wanted to know the position in regard to supply of cocoons to Kollegal Filatures. The Special Officer read a note indicating the action taken to supply cocoons to Kollegal and stated that full co-operation would be extended to supply cocoons whenever available.

The Special Officer said that the Kollegal Filatures might arrange to purchase cocoons not only in the markets exclusively allotted to them but also in other markets whenever cocoons are available in large quantities and when the filatures in Mysore did not require these cocoons so that the Kollegal Filatures might lay by sufficient stocks during the season.

VIII. Grading and price differentials.

The Deputy Director-General of Supplies said that with the appliances available in the Testing Section at Mysore, it would be possible to grade the silk based on mechanical tests. The Special Officer stated that the seriplane was required for conducting full tests and that panels for the same were not available. Capt. Peregrine said that he might be able to supply panels from Calcutta as he was carrying out some experiments in this regard.

With regard to price differentials it was pointed out that the Government of India had agreed to price differentials in the ascedning order up to "C" grade only and not for higher grades. It was suggested that it was desirable that the increase in prices should be given for grades higher than "C" also. The Supply Department Officers agreed to consider this suggestion. The question of adopting grading and price differentials based on mechanical tests which can be conducted at Mysore was decided to be put before the filature interests.

IX. The Special Officer, Filature Expansion Scheme brought to the notice of the Deputy Director-General of Supplies that owing to the want of priority for waggons cement asbestos sheets could not be obtained and the building works could not be completed. Eleven waggons were required for the purpose.

The Deputy Director-General of Supplies noted

D.O.No. [illegible]
Government of India,
Directorate General of Supply,
Dated New Delhi, 5th June 1944.

My dear Vedavyasacharya,

Thank you for your d.o. letter No.A dated the 20th May containing the Mysore record of our meeting of 15th May. Your record is acceptable to us subject to the following changes;

(1) In the list of those present, Mr.Isvaran should be styled as Deputy Controller;

(2) In the penultimate paragraph of I. for "it was agreed" read "The Minister suggested";

(3) In the third sentence of IV, insert "provisionall after "paid"; and at the end of the sentence, insert the following sentence:--

"Similarly the element of manufacturing cost would be revised at six-monthly intervals thereafter on the basis of costing of an average filature".

In the following sentence, insert the words "whether they" after "filatures". In the next sentence after "calculating the price of silk" add "on the standard rendita of 18:1".

In the second sentence on page 4, in the same paragraph - after "he suggested that", insert "as imperfect market arrangements had admittedly contributed to this";

In the penultimate sub-paragraph of para 4, the last four words should be "whichever would be later".

(4) In VI, omit "at rates fixed.....any other concern as"; and insert the words "to" and "who" immediately before and after "HMG".

(5) At the end of VII add, "The Minister promised all assistance towards bridging the gap of one millic lbs.of cocoons per annum for two years and anticipated no difficulty in making supplies".

(6) Insert para IV of Control Measures from the Govt. of India Record of Decisions.

2. I trust you will find these amendments acceptable.

Yours sincerely,

(A. MacFarquhar

V.Vedavyasacharya, Esquire,
Chief Secretary to the Government of Mysore,
General & Revenue Secretariat,
Bangalore.

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CHIEF SECRETARIAT
13 JUN 1944
GOVT OF MYSORE

~~OFFICE OF THE SECOND MEMBER~~
~~COUNCIL~~

Dear Sir,

D.O. No. D 8093

7 L4 6 / 44

(my Dear ...)

I am ~~instructed~~ desired to acknowledge the receipt of your D.O. letter No. DDG(D)/44 dated 5th June 1944 and to state that a further communication regarding the acceptance of the alterations in the record notes & discussions suggested by you will be sent shortly.

(Yours)

To
A. MacFarquhar
(Chief Sec.)

DEPA[illegible]RI

407

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O.,12th June 1944.

Dear Sir,

In submitting herewith for favour of information a copy of the letter No. 795 dated 3/5th June 1944 received from the Manager, Mysore Spun Silk Mills,Ltd.,Channapatna, re. revision of manufacturing charges allowed by the Government of India on the filature silk supplied to them, I request you to kindly let me know if definite information has been received from the Director-General of Supplies in the matter and if the filatures may be paid the enhanced rates.

Yours sincerely,

M. Srinivasa

V.Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysore,
Bangalore.

P.T.O.

Letter No. 705 dated 3/5th June 19.. from the Manager, Mysore Spun Silk Mills,Ltd.,Channapatna, to the Special Officer, Filature Expansion Scheme, Bangalore.

With reference to correspondence ending with our letter No. 277 dated 13th March 1944 on the subject of our claim for revision of manufacturing charges allowed on Filature silk reeled and supplied by us we write to state that Mr. S. Ratnam, Deputy Financial Adviser to Government of India, visited our Filature on 10th May 1944 for inspecting the accounts,etc. We have not so far been informed of the revised rate proposed to be allowed on manufacturing charges though we were given an assurance of suitable revision to cover all our previous losses.

Pari 96-43-30

DEPARTMENT OF SERICULTURE.

No.6331
Encl. Two

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O.,19th June 1944.

Sir
20/6/44

Dear Sir,

With reference to your telephone message, I send herewith a statement showing the revised estimate of production of silk in the filatures in the State from May to December 1944.

I also send herewith an extract from the note prepared by me for the meeting with the Supply Department Officers on the 15th, which gives information about the probable time required for the filatures to erect all the basins they have undertaken to work under the Filature Expansion Scheme.

I request you to kindly arrange to send me for my reference copies of the approved record note of the meetings with the Supply Department Officers on the 15th and 16th May 1944, as also a copy of the version of the same as received from Mr. MacFarquhar, Deputy Director General of Supply, New Delhi.

Yours sincerely,

STATEMENT SHOWING THE ESTIMATES OF PRODUCTION OF SILK IN THE FILATURES IN THE STATE (REVISED).

Month.	Government Filatures Kankanhalli.		Mysore Spun Silk Mills Ltd., Channapatna.		# Mysore Silk Filatures, Ltd., T-Narsipur.		* Vellum Parachute Silk Co. Yesawantapur.	Goribidnur.	
	I Choice Silk	II Choice Silk.	I Choice Silk.	II Choice silk	I Choice Silk	II choice silk		I choice	II choice
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.		Lbs.	Lbs.	lbs.
May 1944	312 8	156 4	1,300	200	7,000		450	400	100
June 1944	312 8	468 12	1,500	500	7,500		650	500	150
July "	468 12	781 4	1,800	500	10,000		800	600	200
August "	468 12	1,718 12	2,250	750	11,000		900	800	500
Septr. "	1,093 12	1,718 12	3,000	500	12,500		1,050	1,000	400
October "	1,718 12	1,250 0	3,000	500	14,000		1,050	1,100	100
November "	2,500 0	625 0	3,000	500	15,500		1,100	1,200	600
December "	3,125 0	nil	3,000	500	17,000		1,100	1,300	700
	10,000 0	6,718 12	18,850	3,950	94,500		7,100	6,900	2,700

Mr. N. Rama Rao gave these figures. After December about 20,000 lbs per month. Mr. N. Rama Rao added hat the supply figures after September 1944 would depend upon their getting cement asbestos sheets up o the extent required immediately. Of the above production 60 to 80 per cent would be standard quality ilk suitable for manufacture of parachutes.

* The Works Manager, Yesawantapur, has reported that he is unable to give information as to how much uantity can be used for parachute fabric and how much will be of II sort as the silk is being tested c t the Mysore Silk Testing House.

Special Officer.

19 Aug

Continuation Sheet. Seri. File No.

Current No.

Letter No. 448 dt. 21.6.1944 from the S.O., S.F.E. Scheme. Furnishes a statement showing the estimates of production of silk in the filatures for the period from May — December 1944.

The statement is for perusal. The filatures gave certain estimates of production of silk at the meeting held on 16.5.1944 when Mr. MacFarquhar was present. It is not possible to verify the present figures with those given at the meeting, since the file relating to the proceedings of the meeting is not kept separately & is not readily available.

Regarding cement asbestos sheets the Govt. of India has been telegraphically requested to arrange for waggon priority & their reply awaited.

The S.O. has furnished 4 figures relating to forecast of production of silk to the Deputy Controller of Supplies (Silk), S.D. Circle It is for consideration whether a copy of the statement may also be sent to the Deputy Director-General of Supplies, New Delhi.

Submitted in continuation of the main file. A copy of the statement now sent by the S.O. may be forwarded to the Dir. Ge of Supply along with the record notes of discussions on 16.5.44.

km 29/7/44

Chief Secy 3/7

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CHIEF SECRETARY. 4 JUL 1944 GOVT. OF MYSORE.

OFFICE OF THE MINISTER FOR REVENUE & LAW 6 JUL 1944 No. 128

Chief Secy for perusal. 4.7.44

Min R & L 7/7/44 7/7

A.C. 7/7

P.T.O. WC 5/7/44 for 5/7

Continuation Sheet. File No.

Current No.

Record notes of discussions on 16.8.64 is routed with the main file. No receipt will be awaited to send a reply to the Govt. of India.

10/7/64

10/7/64

DEPARTMENT OF SERICULTURE. 0451

96-43-31

448/61
26-6-44

Office of the Special Officer,
Filature Expansion Scheme,
' Jaya Vilas ', Vani Vilas Road.,
Basvangudi, Bangalore, dated 21.6.'44

The Chief Secretary to the Government of Mysore.,
B A N G A L O R E.

I have the honour to state that at the meeting held on 16-6-'44 with the officers of the Government of India and the filature interests in Mysore, it was decided that firm forecasts of production of silk in the filatures for the period May-December 1944 should be obtained and sent.

I submit herewith for the information of Government a statement showing the Estimates of production of silk in the filatures in the State for the period May - December 1944 compiled from the information furnished by the filatures in the State.

Rajasevaprasakta Mr. N. Rama Rao, Chairman, Mysore Silk Filatures Ltd., T. Narasipur., had indicated that the quantity of silk estimated to be produced and supplied by them after September 1944 had been arrived at taking for granted that the Cement Asbestos Sheets required by them for the roofing for their factory buildings would be supplied immediately.

In regard to obtaining wagon priority for the transport of the Cement Asbestos Sheets from Bombay in regard to which Mr. Mac Farquhar, Deputy Director General had promised when he was here that he would see that we got the wagon priority immediately, a telegram, a copy of which is submitted herewith has been received from the Director of Textiles, New Delhi where from it is seen that the War Transport Board is unable to grant railway priority on account of demands for movement of other more vital stores and they therefore want us to endeavour to arrange for alternative roofing with tiles. I have communicated this telegram to the filature interests and am awaiting their reply.

The non-receipt of the Cement Asbestos Sheets and the time required by the filatures for arranging to having roofing with other alternatige roofing materials would be in the way of the filatures keeping up production of silk at the legel of the Estimates they have already given.

The General Superintendent, Cauvery Power Scheme has arranged for the supply of the minimum amount of power required by the filatures to enable them to continue to work.

To enable the Mysore Silk Filatures Ltd. T. Narasipur, to keep up the programme of production of silk, they represented that at least 20 H.P. electric power was required to be supplied to M/s. The Steel Construction Co. Ltd. Bangalore who have to manufacture the silk reeling machinery required by the Mysore Silk Filatures. The supply of electric power up to the extent has been arranged to the Steel Construction Co. Ltd.

Similarly the General Superintendent, Cauvery Power Scheme has been requested to kindly arrange for the supply of about 20 H.P. power required by M/s. Simpson & Co. Ltd. and Eswara Iron Foundry & Engineering Works who have been manufacturing reeling machinery parts required by M/s. Vellum Parachute Silk Co. Ltd.

While furnishing forecasts of production for the period May-December 1944, the President, Vellum Parachute Silk Co. Ltd. has stated that due to the failure of electricity and consequent stoppage of power, supply to several industrial concerns, on whom they depend for their machinery parts, no further basins could be put in operation until normal conditions are restored. As reported in the previous paragraph power supply is being arranged to two firms at the request of the President, Vellum Parachute Silk Co. Ltd. and I am requesting him to let me know the minimum power required by his other machinery parts manufacturers to enable them to supply the reeling machinery parts required by him to enable the same being taken up with the General Superintendent, Cauvery Power Scheme.

STATEMENT SHOWING THE ESTIMATES OF PRODUCTION
OF SILK IN THE FILATURES IN THE STATE. (REVISED).

Month.	Government Filatures Kankanhalli.		Mysore Spun Silk Mills Ltd. Channapatna.		* Mysore Silk Filatures Ltd. T. Narasipur.		** Vellum Parachute Silk Co. Yesvantapur.	*** Goribidnur.	
	I Choice Silk.	II Choice Silk.	I Choice Silk	II Choice Silk	I Choice Silk	II Choice Silk		I Choice Silk	II Choice Silk
May 1944	lbs. 312- 8	156- 4	lbs. 1,300	200	lbs. 7,000		lbs. 450	lbs. 400	100
June	" 312- 8	468-12	" 1,500	500	" 7,500		" 650	" 500	150
July	" 468-12	781- 4	" 1,800	500	" 10,000		" 800	" 600	200
August	" 468-12	1718-12	" 2,250	750	" 11,000		" 900	" 800	500
September	" 1093-12	1718-12	" 3,000	500.	" 12,500		" 1,050	" 1,000	400
October	" 1718-12	1250- 0	" 3,000	500	" 14,000		" 1,050	" 1,100	100
November	" 2500- 0	625- 0	" 3,000	500	" 15,500		" 1,100	" 1,200	600
December	" 3125- 0	N i l	" 3,000	500	" 17,000		" 1,100	" 1,300	700
TOTAL.	10,000- 0	6,718-12	18,850	3,950	94,500		7,100	6,900	2,750

* Mr. N. Rama Rao gave these figures. After December 1944 about 20,000 lbs per month. Mr. N. Rama-Rao added that the supply figures after September 1944 would depend upon their getting cement asbestos sheets up to the extent required immediately. Of the above production 60 to 80 per cent would be standard Quality silk suitable for manufacture of parachutes.

** The works Manager Yeswantapur has reported that he is unable to give information as to how much quantity can be used for parachute fabric and how much will be of II sort as the silk is being tested only at the Mysore Silk Testing House.

Proceedings of the Silk Conference held a
on Monday the 15th May 1944 in the Chambers of the
for Revenue and Law, Public Offices, Bangalore.

Present.-

1. Rajamantrapravina
   K.V.Anantaraman,Esq., B.A.,
   Minister for Revenue and Law.

2. A. MacFarquhar, Esq., I.C.S.,
   Deputy Director General of Supply (

3. Mr. Drake, I.C.S.,
   Secretary to the Resident.

4. Mr. M. P. Pai, I.C.S.,
   Controller of Supplies,
   South India Circle.

5. Mr. S. Ratnam,
   Deputy Financial Adviser.

6. Mr. S. K. Chaudhuri,
   Deputy Director of Textiles.

7. Capt. C. P. Peregrine,
   Officer in charge of the Raw Silk
   Inspection, Calcutta.

8. Capt. J. W. Fawcett,
   Officer in charge, Ordnance Inspect
   Depot, Bangalore.

9. Rajaseva sakta
   T. V. A. Isvaran, Esq., B.A.,
   Assistant Controller of Supplies,
   South India, Bangalore.

10. Mr. V. Vedavyasacharya, B.A.,
    Chief Secretary to the Government
    of Mysore, Bangalore.

11. Mr. H. S. Govinda Rao, B.A.,
    Special Officer, Filature Expansion
    Scheme, Bangalore.

12. Mr. T. Shamanna, M.A.,
    Assistant Secretary to Government.

I. Erection of Basins.-

Mr. MacFarquhar, Deputy Director-General of Supply (I) stated that he visited the filatures in the Mysore State and was impressed with the progress made so far in the construction of buildings, etc., and the interest taken in the expansion work. He thought, however, that the target figure of 1,460 (basins to be erected) -

uld not be reached within the prescribed time i.e., wi 18 months from 1st July 1943.

The Minister for Revenue and Law stated that 678 basins had been erected, that 562 were actually working an that the balance of the reeling machinery was ready but could not be erected and brought to working order owing to delay in getting building materials such as cement - asbestos sheets etc. In the case of one filature the delay wa in part due to the decision to re-reel the silk which at one stage the experts considered was necessary.

The Special Officer explained that at Kankahhalli 50 basins were working, 25 for training of labour and 25 on normal production basis. The estimate of production of silk 4,38,000 lbs was based on the assumption that 28/32 denier silk would be produced. If finer silk was to be produced the production would go down. The production of silk had been assumed at 1 lb a day per basin but in actual practice it was found impossible to produce one lb a day as finer sizes had to be reeled and quality had to be improved by reducing the number of ends and the speed of reels.

It was agreed that the production per basin per year might be taken at 250 lbs.

While reviewing the progress of the work of the Vellum Parachute Silk Co., at Goribidanur, it was decided to ascertain from the filature the number of basins ready for erection.

II. Production of silk.-

The Special Officer had prepared an estimate of production and stated that 1,16,800 lbs would be produced from May to December 1944 by the Mysore Silk Filatures, the Mysore Spun Silk Mills, Ltd., and the Government Filature, Kankanhalli. As regards the Filatures of Vellum Parachute Silk, Co., Ltd., he stated that Vellum Parachute Silk, Co., were changing over to re-reeling .

The estimate of the quantity of silk that would b produced on the ordinary basins till the re-reeling -

re-reeling machinery was set up had not been ascertained by the Special Officer. The Special Officer was requested to ascertain this and include it in the final estimate. The Minister also said that the estimates should include the production of silk in the old basins at Mysore owned by the Mysore Silk Filatures and the Mysore Spun Silk Mills at Channapatna as the production from these basins was also being supplied to the Government of India.

III. Improvement of the quality of silk.-

The Deputy Director-General of Supply (I) pointed out that the silk produced by the trained labour and the trainees should be separately sorted out before delivery to the Testing Section. The Minister for Revenue and Law stated that this would be got done.

The Special Officer reported that the suggestions made by Mr. Gaddum were being adopted by the filatures.

IV. Review of contract terms.-

The Deputy Director-General of Supply (I) stated that the Deputy Financial Adviser had examined the manufacturing costs in two filatures and had ascertained that the manufacturing charge per lb of silk after deducting the realisations from silk waste was Rs 6/- as per figures from July 1943 to end of March 1944. The filatures would be paid manufacturing charges at Rs 6/- per lb. for all silk supplied from July 1943 to end of June 1944. The same rate would be paid from 1st July 1944 to the end of December 1944 subject to final adjustment after examining the figures for the period. This rate would apply to all filatures adopted re-reeling or not.

The Deputy Director-General observed that the price of cocoons for calculating the price of silk should be the controlled price for standard quality cocoons prevailing in the month in which the silk was delivered.

The profit would be a fixed sum of Rs 1-6-0 per lb of silk.

The Deputy Director-General of Supply then rai the question of the compensation for the loss sf the - filatures had sustained on account of the variation in estimated rendita at the markets and the actual rendita obtained in reeling. He suggested that such loss might be compensated by the Government of Mysore from the sur plus realisations from the sale of charaka silk under Silk Control Scheme.

The Minister for Revenue and Law stated that the surplus realised by the sale of Charaka silk could be used for this purpose. The Charaka reelers and the cocoon producers could not in fairness be called upon t pay for losses to other people with whom they had nothi to do and for which they were not responsible.

The Minister for Revenue and Law further state that large quantities of charaka silk were being smuggl on account of the high price the silk commanded now in scarcity market. It was desirable that ceiling prices for silk fabrics should be fixed on an All India basis.

It was necessary that the Madras Presidency - should take steps to prevent the smuggling of silk from Mysore to the Madras Presidency and to keep an eye on th silk weaving establishments.

The Deputy Director-General of Supply (I) wante to know if the filatures would be agreeable to alter the terms of contract so that it might be either for a perio of three years or for the supply of one million lbs of silk whichever would be earlier. > later.

The Minister was not in favour of suggesting an alterations as the filatures might suggest other altera- tions in their turn. Any way he left it to the Deputy - Director-General to put it before the filatures if he - considered it necessary.

V. Reports.-

The Minister for Revenue and Law stated that al information required would be furnished by the Special

Special Officer. He would send the reports to Mr.Isvaran.

VI. Disposal of silk waste.-

The Deputy Director-General of Supply (I) stated that the silk waste should be graded and disposed of at rates fixed by the Government of India to the Mysore Spun Silk Mills or any other concern as to H.M.G. who required large quantities of 1st and 2nd grade silk waste.

The Minister stated that the Mysore Spun Silk Mills, Ltd., may purchase the silk waste at market price as at present as the disposal of silk waste did not come within the scope of the contract. The requirements of Mysore Spun Silk Mills should be met first.

VII. Supply of cocoons to Kollegal Filatures.-

The Deputy Director-General of Supplies, wanted to know the position in regard to the supply of cocoons to Kollegal Filatures. The Special Officer read a note indicating the action taken to supply cocoons to Kollegal and stated that assistance was being and would continue to be given.

The Special Officer said that the Kollegal Filatures might arrange to purchase cocoons not only in the markets exclusively allotted to them but also in other markets where cocoons were available in large quantities and the filatures in Mysore did not require these cocoons so that the Kollegal Filatures might build up sufficient stocks.

VIII. Grading and price differentials.-

The Deputy Director-General of Supplies said that with the appliances available in the Mysore Testing Section it would be possible to grade the silk. The Special Officer stated that a seriplane was required and also - panels for testing. Capt. Peregrine said that he might be able to supply panels from Calcutta.

With regard to price differentials it was pointed that the Government of India had agreed to pride differentials in the ascending order up to "C" grade only and

and duty for higher grades. It was suggested that it was desirable that increase in prices should be given for grades higher than "C" also. The Supply Department Officers agreed to consider this suggestion. The question of adopting grading and price differentials based on mechanical tests which could be conducted at Mysore was decided to be put before the filatures.

The Special Officer, Filature Expansion Scheme, brought to the notice of the Deputy Director-General of Supplies that owing to the non-supply of waggons, cement asbestos sheets could not be obtained and the building works could not be completed. Eleven waggons were required for the purpose.

The Deputy Director-General of Supplies noted down the point for action.

The Special Officer also brought to the notice of the Committee that the extension of the Silk Control Order to areas in the Madras Presidency other than Kollegal was necessary in order that smuggling of silk

Expansion of filature silk production in Mysore.

Record of decisions taken at a meeting between representatives of the Government of India and of the Government of Mysore held at Bangalore on 15th May 1944 under the Chairmanship of Mr. Anantaraman, Minister for Revenue and Law, Mysor

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I. Production of silk.-

The effective date of the contract being 1st July 1943, production at the full rate of 438,000 lbs of silk a year is due to be achieved by the end of 1944. The Mysore Government undertook to do everything possible towards havin the filatures in full production by that time. They pointed out that their full capacity may have been overestimated and might be nearer 250 lbs of silk per basin per annum than the anticipated 300 lbs.

II. Price of silk.-

The Government of India having taken into account considerations set forth in correspondence received from th Mysore Government as to the losses on manufacturing costs s tained under the present contract and having investigated t costs of average filatures, offered the following revision price for the basic quality of silk (Delhi "F" Grade):

(a) Cost of cocoons calculated under the approved formula (i.e., 18 times the prescribed price p lb of that grade of cocoons whose rendita is 1 1) with the agreed adjustment for the cost of living: plus

(b) average net cost of manufacture at Rs 6/- per stead of Rs 3/- per lb; plus

(c) fixed profit at the rate of Rs 1-6-0 per lb.

In calculation of the additional payments due the cost of cocoons will be taken at the official Mysore rate in the month the silk was delivered to their testing house while the manufacturing charge would be allowed at a leve rate of Rs 6/- per lb throughout the period. The Governmen of India proposed to offer this revision for all supplies

lies made from the beginning of the contract to 30th June 1944 and to revise the element of manufacturing cost in the price at six-monthly intervals thereafter on the basis of a costing of average filatures. The Mysore Government accepted this revision of price as meeting the case they had put forward.

III. For the Government of India it was pointed out that - there had been until very recently a gap between the rendita at which cocoons were sold in markets and rendita secured in the actual working of the filatures and as this involved an additional loss to the filature which the revised price did not cover and the Government of India suggested that the Government of Mysore in the interest of silk production might bridge the gap by an ex gratia payment to the filatures from the - surplus which had accrued on sales of charaka silk. This was a special measure which would not be repeated in future half-yearly revisions of price. For the Mysore Government it was admitted that the difficulty in making arrangements efficient and other causes had contributed to a loss on renditta. Mysore Government would prefer to await any representation the filatures were to make before taking a decision on this matter. It was also urged that the ex gratia payment could not logically or fairly be debited to the surplus obtained by the sale of Charaka silk.

IV. Control measures.-

The Government of India suggested that the distribution of a share of the surplus which accrued from sales of silk to cocoon rearers and charkha reelers, put filature reelers at a disadvantage and asked the Government of Mysore to consider the expediency of stopping such payments which amounted to a considerable premium on the production of Charaka silk. The Government of Mysore were not prepared to admit that these payments operated unfairly on the filatures. To the price paid to the filatures must be added the value of various privileges enjoyed by the filatures. They considered that the remedy for

ley were carrying out and enforcement of ceiling pri--- --- silk cloth in the civil market. The Government of India unde took to give this latter measure active consideration. On be half of the Government of Mysoreit was urged that the Charka reelers handled only cocoons not taken up by the filatures, that they rendered a service to the industry by reeling the surplus quantity of cocoons which would otherwise go to wast and that the charka dealers who were faced with the prospect of being gradually squeezed out of the business were entitle to generous and sympathetic treatment."

V. Silk waste -

The Government of India asked whether silk waste fro the Mysore filatures could be made available for HMG. The Mysore Government replied that the capacity of the Channapat Spun Silk Mills must first be fed and that they could theref not put Mysore silk waste at at HMG's disposal.

VI. Cocoons for Madras.-

The Government of India requested the Mysore Govern ment to assist the Government of Madras with cocoons until Madras mulberry acreage was adequate. The gap was put at a million lbs of cocoons a year for the next two years. The Mysore Government promised all possible assistance and in vi of the increase in acreage anticipated no difficulty in sup- plies. They were prepared to assist even to the extent of controlling charka reelers in the area to the extent they h done for their own filatures. A formal request from Madras would be awaited.

9-30 A.M. on Tuesday the 26th May 1944 in the Chamber of the Minister for Revenue and Law, Public Offices, Bangalore.

P r e s e n t.

1. Rajamantrapravina
K.V. Anantharaman,Esq.,B.A.,
Minister for Revenue and Law (Chairman).

2. A. MacFarquhar, Esq., I.C.S.,
Deputy Director-General of Supply (I),
New Delhi.

3. M. P. Pai, Esq., I.C.S.,
Controller of Supplies,South India Circle, Mad

4. S. Ratnam, Esq.,
Deputy Financial Adviser, Supply Department,
New Delhi.

5. S.K. Chaudhuri, Esq.,
Deputy Director of Supplies(Silk),New Delhi.

6. Capt. C.D. Peregrine,
Officer in charge, Raw Silk Inspection,
Calcutta.

7. Capt. J.W. Bawcett,
Officer in charge, Ordnance Inspection Depot,
Bangalore.

8. Rajasevasakta
T.V.A. Isvaran, Esq., B.A.,
Assistant Controller of Supplies(Silk),
South India Circle, Bangalore.

9. V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysore.

10. Rajasabhabhushana Diwan Bahadur
K.R. Srinivasa Iyengar, Esq., M.A.,
Chairman, Mysore Spun Silk Mills,Ltd.

22. Rajasevaprasatka
N.Rama Rao, Esq., B.A.,B.L.,
Chairman, Mysore Silk Filatures,Ltd.

12. V. Sundaramurthi, Esq.,
President, Vellum Parachute Silk Co.,Ltd.

13. K. Shamsuddin Khan, Esq., B.A.,
Manager, Mysore Spun Silk Mills,Ltd.

14. G. Krishnaswamy, Esq.,
Managing Agent, Mysore Silk Filatures,Ltd.

15. H.S. Govinda Rao, Esq., B.A.,
Special Officer, Filature Expansion Scheme,

16. T. Shamanna, Esq., M.A.,
Assistant Secretary to the Government of Mysor

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The Minister for Revenue and Law said that this meeting had been convened to give an opportunity to the filature interests to come into contact with the Supply Department Officers of the Government of India and explain to them the difficulties experienced in connection with filature expansion work in Mysore and requested Rajasevaprasakta Mr. N.Rama Rao, Chairman, Mysore Silk Filatures, to lead the discussion.

Rajasevaprasakta Mr. N.Rama Rao while thanking the Government of India and the Government of Mysore for the opportunity given to them said that as the filature interests had to get over a number of difficul-ties in regard to (1) cocoon purchases (2) handling of cocoons (3) training of labour to produce parachute silk of quality silk and (4) obtaining of controlled materials such as iron, steel, timber etc, the progress achieved so far might be considered satisfactory.

He mentioned that assistance was immediately required from the Government of India in regard to supply of cement asbestos sheets.

Continuing Mr. Rama Rao explained that their representation to the Government of India for paying the filatures the actual cost of manufacture plus 10 per cent profit should be sympathetically consider-ed and finally settled immediately as otherwise the filatures would be burdened with heavy losses. He said that the delay in giving an assurance re. the revision of manufacturing charges had ~~upset all the plans and~~ retarded the work. He further stated that grading of silk could only be done after the Silk Conditioning and Testing House in Mysore was fully equipped, that all silk taken over by the Government of India should be paid for at the same rates till then and that when sub standard silk is taken by Government of India, it should be taken for

for war purposes only.

Rajasbhabhushana Diwan Bahadur Mr.K.R. Srinivasa Iyengar in supporting Mr. Rama Rao said that the filatures entered into agreements over a year ago and as conditions had thoroughly changed since then they would be incurring a loss of nearly Rs.10,000 on every 100 basins per month if the original conditions of the agreement were enforced.

Mr. V. Sundaramurthi desired that the question of re-reeling should be decided. He had been advised that without re-reeling the silk cannot come up to the standard, that re-reeling would cost about a lakh of rupees by way of capital expenditure and working expenses would also go up. He desired that re-reeled silk should be paid an extra profit.

The Deputy Director-General of Supply(I) said that the Government of India had got the figures re. the manufacturing charges of silk of the filatures owned by the Mysore Silk Filatures,Ltd. and the Mysore Spun Silk Mills,Ltd. examined and he informed the filature interests that the Government of India had placed certain modified proposals before the Government of Mysore which he hoped would satisfy all parties concerned. He also said that steps would be taken to obtain waggon priority for asbestos sheets, that coal supplies had been arranged for and that coal should be obtained and stocked when available, that it was necesary for the filatures to grade their silk into 1st choice and 2nd choice and supply these two kinds separately to the Testing Section as that would help the distribution of silk to silk weaving mills.

As desired by the Deputy Director-General of Supply the Chairman placed the following proposal of the Government of India before the meeting:-

The Government of India will buy the silk produced in the filatures at rates specified below:-

The price per lb of silk will be fixed as follows:

(a) Cost of 28 lbs of green cocoons at the controlled ıte prevailing during the month of delivery of the silk › the Government of Mysore Silk Testing House, plus

(b) net manufacturing charges (excluding realisation s ;om the sale of silk waste etc) at a rate of Rs.6/- per ›. for all silk already supplied and to be supplied dur ıe period from July 1943 to end of June 1944, plus

(c) Profit at a fixed rate of Re.1-6-0 per lb.

In regard to the later periods it was stated that ıe net manufacturing charges payable would be subject › revision every six months based on the actual cost ' manufacture of silk in the filatures. Till the ›st of manufacture figures of the filatures were examined ıd the actual manufacturing charges payable to the ılatures during a half year were decided by the Govern ıent of India, payment of the manufacturing charges ;evailing during the previous period would be conti ıued provisionally. As such the manufacturing charge ' Rs.6/- per lb would be paid for deliveries from ıly 1944 to end of December 1944 subject to the ljustment later on.

On a point raised by the Special Officer as to ıether the above price referred to 28/32 denier silk ıd additional one anna per lb would be paid as before ›r finer counts it was stated that the above price ›plied to all deniers of silk produced and supplied ' the filatures to the Government of India as accord- ıg to the above arrangement the Government of India ›uld be paying the actual manufacturing charges in- ırred by the filatures for reeling the silk.

Messrs. K.R. Srinivasa Iyengar and N. Rama Rao ;pressed satisfaction with regard to the terms offer ›d re. cost of manufacture and accepted the figure. ıth regard to profit, Mr. Rama Rao wanted that the) per cent orginally provided for should be given

given on the present costs of production. He also wanted that apart from the increased manufacturing charges, the actual cost of cocoons used to produce silk should be given as the rendita fixed actually obtained after reeling in the filatures was very much higher than that fixed by the markets and if the filatures were paid for 18 lbs of cocoons only, they would be incurring heavy losses. At any rate, the losses incurred by the filatures so far on the ~~ik~~ higher rendita should be made good to enable them to proceed rapidly with expansion work.

Mr. K.R. Srinivasa Iyengar stated that profit of 10 per cent on the present costs would help the filatures very much but as the filatures were not out to make huge profits and as they had to make sacrifices in the interests of essential war efforts, he would accept Re.1-6-0 as profit per lb since their actual manufacturing charges had been assured. He further said that though as per the strict letter of the agreement, they were not entitled to press the question of revision of rendita, he would request a revision as they had incurred losses on account of higher rendita . The original figure of 18 might be a mistake or not but in actual working so far the rendita was very much higher than fixed by the markets. The higher rendita obtained might be due to several causes such as defects in methods adopted in fixing rendita in markets, inefficiency of labour in filatures,etc. He would request that the filatures should be paid all the cost incurred by them for producing silk including the cost of cocoons actually used.

Mr. Rama Rao said that as in the case of manufacturing charges, the average cost of cocoons used by all the filatures might be taken for finding out the cost of cocoons used to produce a lb of silk and the rendita

might be used to check the figures of the other filatures.

Mr. MacFarquhar said that it was not possible to pay at a rate higher than Re.1-6-0 per lb., that the question of paying for the larger quantity of cocoons so far used had come up newly and had been placed by him before the Government of Mysore and wanted to know if the filatures agreed to the revised manufacturing charges, and the profit remaining at Re.1-6-0 per lb.

Messrs. Rama Rao and K.R.Srinivasa Iyengar accepted the terms and hoped that the rendita question also would be sympathetically settled. To the point raised by Mr. Sundaramurthi that he should be given higher manufacturing charges, for his re-reeled silk the Chairman stated that as the Government of India wanted good quality silk whether it was produced by re-reeling or otherwise, it was for Mr. Sundaramurthi to consider whether he would go in for re-reeling or not as the manufacturing charges now fixed applied to all the filatures.

The Deputy Director-General of Supply (I) said that the two questions referred by the Government of Mysore to the Government of India for consideration after examination were (1) manufacturing charges and (2) profit, payable to the filatures. As the question of recoupment of losses sustained by the filatures due to the larger quantity of cocoons used than allowed as per agreement had not been referred to them by the Government of Mysore, the filatures will have to first convince the Government of Mysore so that the Government of Mysore might take up the matter with the Government of India.

In regard to the question re. the recouping of the loss if such recoupment was considered necessary the Chairman pointed out that just as in the case of manufacturing charges, the losses incurred by the filatures due to the use of larger quantities of cocoons would have to be made good due to the abnormal conditions prevailing. Just as the Government of India have thought it desirable and

filatures on manufacturing charges so as to put heart into them in their venture and help them to proceed with confidence, it was necessary that the Government of India should agree to an ex-gratia compensation for the loss incurred by them on account of rendita as loss on this account was inevitable as under no circumstances could the actual rendita obtained by the filatures in reeling and the rendita fixed in the market be the same and as it would mean really a great hardship to the filatures if this ex-gratia assistance at least was not given. The Chairman further stated that the loss could not be due entirely to the unscientitic method of fixing rendita in markets as methods of handling cocoons, transport of cocoons, storage, skill of labour were their part also. It would be necessary to find out as far as possible the variations in rendita due to all these factors and see how much loss had been incurred due to the rendita fixed in the markets. The filatures have to bear their portion of the loss due to the inefficiency of methods, inefficiency of labour etc. The question had been brought up newly and had to be examined carefully.

After further discussion the Deputy Director-General of Supply (I) stated that the question of the recoupment of the losses incurred by the filatures in Mysore on account of variation in rendita up to a reasonable extent would receive the sympathetic consideration of all concerned after the question was examined by the Government of Mysore and they were convinced that the matter required the consideration of the Government of India. He further stated that the question of such ex-gratia compensation on account of the variations in regard to rendita of the cocoons would arise for the period up to the end of June 1944 only and the new method of fixing rendita would work more

more satisfactorily and that the filatures will have to make arrangements to minimise or avoid losses on this account and stand on their own legs in this matter from 1st July 1944.

Re-reeling.

The Deputy Director-General of Supply explaining the present position of the Government of India in regard to the subject said that what they wanted was the best quality of silk possible. The opinion of experts was that re-reeling was not absolutely necessary for produc -ing the best quality of silk and that it was possible to improve the quality of silk by other alternative methods. The Government of India were therefore not interested in getting only re-reeled silk. But if the filatures could produce superior quality of silk by conducting re-reeling at their own cost then they had no objection to pay higher prices as per price differentials they have agreed to i.e. at the rate of 8 annas more for every grade higher than the Delhi "F" grade which was taken as the basic grade.

Mr. Sundaramurthi, the President of Vellum Para- chute Silk Co.,Ltd., the only person among the private filature interests who was interested in supplying re-reeled silk and who said that a rate of at least 12 annas more for every grade higher than the Delhi "F" grade would probably make it possible for him to take up re-reeling of the silk, was requested to carefully examine his costs on account of re-reeling and take his decision as the Government of India had fixed the higher rate of 8 annas for each grade after careful consideration of all aspects.

Price differentials.

The Deputy Director-General of Supply stated that the filatures should agree to the price differen- tials as decided at the Delhi Meeting on 8th December 1943. At this meeting it was decided that the basic

basic grade should be "F" instead of "D" and that the price of silk of grades higher than "F" up to "C" shoul be fixed at 8 annas a lb more than "F" and that the price of silk of lower grades at 8 annas a lb, less than "F". Mr. Rama Rao said that as the price that was being paid to them for their silk for all grades they could produce and as it was not possible to grade silk properly till the Silk Conditioning and Testing House in Mysore came into full working order , he was not agreeable to the price differentials at present and till grading could be done in Mysore the same price fixed for the basic grade should be paid for all the silk supplied by the filatures.

The Chairman said that he would go into the question carefully and would intimate the decision of the Government of Mysore in the matter in due course to the Government of India.

Estimate of production.

The Deputy Director-General called upon the filatures to give the forecast of production of silk in each of the institutions from May 1944 onwards.

Mr. N. Rama Rao gave the following figures:

May 1944	7,000 lbs.
June 1944	7,500 "
July 1944	10,000 "
August 1944	11,000 "
September 1944	12,500 "
October 1944	14,000 "
November 1944	15,500 "
December 1944	17,000 "
	94,500 "

After December 1944 about 20,000 lbs per month. Mr. Rama Rao added that the supply figures after September 1944 would depend upon their getting cement asbestos sheets up to the extent required immediately. Of the above production 60 to 80 per cent would be standard quality silk suitable for manufacture of parachutes.

Mr. K. Shamsuddin Khan gave the following fore-cast of production of silk in Channapatna Filature from May 1944:

May 1944	1,800 Lbs.
June 1944	2,700 "
July 1944	3,100 "
August 1944	3,500 "
September 1944	3,500 "
October 1944	3,500 "
November 1944	3,500 "
December 1944	3,500 "
	25100

This quantity represents 70 per cent of the pro-duction in these months which would be of the first choice. The remaining 30 per cent of the production or about 8,000 lbs of silk would be lower grades of silk of the second and lower choices.

Mr. Sundaramurthi promised to give an estimate of the production in his filatures at Yeswantapur and Goribidnur on 17th May 1944.

It was decided that the figures of forecast for all the filatures should be collected from all fila-tures, carefully checked by the Special Officer and furnished very early to the Government of India.

Mr. Rama Rao requested facilities to get regular supplies of coal. Mr. M.P. Pai assured that there would be no difficulty to allot coal required for the filature expansion scheme as coal supplies were now being received at Madras by the sea-route from Bengal.

The Chairman suggested that the filatures should build up sufficient stocks of coal whenever it was available so that they could carry on the work without interruption at times when coal supplies

Proceedings of the Government of
His Highness the Maharaja of Myso

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R e a d.-

Government Order No.D. 5309-74/Se
143-41-10 dated 17th February 1943,
sanctioning the Silk Filature Expansio
Scheme and prescribing inter alia the
manner of fixing the basic price per l
of 28/32 denier 'D' grade silk payable
to the ~~and with~~ private filature particips
ing in the scheme.

2. Correspondence ending with lette
No.D.D.G.(I)/44 dated 5th June 1944 from
the Deputy Director-General of Supplies,
Supply Department, New Delhi, regarding
the revision of the manufacturing charges
for silk etc.,

3. Record notes of discussions of the
meetings held on the 15th ~~May 1944~~ and the 16th
May 1944 with the Deputy Director-General
of Supplies and other officers of the
Government of India and the representa-
tives of the private filature interests
participating in the scheme in which the
following decisions were arrived at among others:

(a) that the filatures would be
paid manufacturing charges at Rs.6/-per
lb. for all silk supplied from July 1943
to the end of June 1944;

(b) that the same rate would be paid
provisionally from 1st July 1944 to the
end of December 1944 subject to final
adjustment after examining the figures on the basis of cost of an average filature
for the period; ~~and similarly the ele-~~

) That the
manufacturing cost would be revised similarly
it six-monthly intervals thereafter on
he basis of costing of an average
ilature;

(d) that the above rate would
pply to all filatures whether they
dopted re-reeling or not;

(e) that the price of cocoons for
alculating the price of silk on the
tandard renditta of 18:1 should be the
ontrolled price for standard quality
ocoons prevailing in the month in which
he silk was delivered and;

(f) that the profit would be a
ixed sum of Rs.1-6-0 per lb. of silk.

---oOo---

RDER NO. D 6664-7

DATED, 25/7.

Recorded.

The Special Officer, Silk Filature
xpansion Scheme is requested to take
~~urgent~~ necessary further action in the matter. The
greements and indentures entered into
y the private filature companies may be
uitably revised.

WO
24/7/44

Chief Secretary to Government.

To 24/7/44

To- The S.O. S.F.E. Scheme.
" Comptroller to Govt.
" Dy. Controller of Supplies (Silk),
Basavangudi, Bangalore city.
" Controller of Supplies, S.I. Circle, Madras.

SUBJECT.....

.....

.....

Section Seri.

File No. 96-43

Serial No. 33.

Diary No. of letter replied to.....

No.

To

General and Revenue Secretariat

( )

the *194* .

(Dear Sir,)

I am desired to refer

Date of issue.....

the
to correspondence ending with your

letter No. D D-4 (I)/44 dt. 5.6.1944

Signed by.....

re: the record note of discussions of the

meeting held on 15.5.1944 at Bilaspur.

and to state that the changes

suggested by you in the said letter

are acceptable subject to the following

minor changes; (Review of Contract Terms)

List of enclosures.....

(1) On the third sentence of IV,

Copied by.....

insert " on the basis of costing of

an average filature " after " final

adjustment." These words are inserted

Examined by.....

to make it clear that the manufacturing

P.T.O.

ranges for the period from July 1944 to the end of December 1944 could be determined on the same basis, as has been provided for the subsequent periods ~~after~~ from 1.1.1945" in the fourth sentence of ~~paragraph~~ IV "Review of contract terms"

(2) the words " as imperfect market arrangement as admittedly contributed to this " which you suggested ~~to be~~ may be inserted in the second sentence on page 4, ~~paragraph~~ under IV Review ter for the words " he suggested that", ~~may be deleted~~ need not be so inserted. It was ~~noted~~ pointed out by the Chairman at the meeting held on 16.5.1944 at the loss on account of the variation in the estimated ~~outturn~~ outturn at the markets & the actual outturn obtained in ~~ginning~~ could not be due entirely to the unscientific method of fixing outturn in markets as methods of handling cocoons, transport of cocoons, storage & skill of labour were ~~no contributory factors~~. ~~The outturn is being~~ Every attempt is being made to fix outturn as accurately as possible & in accordance with a formula which ~~was~~ ~~fixed by a Committee of experts~~ & the loss occasioned could be satisfactorily ascribed to ~~it~~ evolved & which ~~the Chairman~~ hoped to get. ~~the variation entirely on the~~ imperfect market arrangements ~~made~~. ~~Therefore~~ ~~the Words are therefore deleted~~

Subject to your views it is hoped that these amendments are acceptable to you.

I am also to enclose a copy each of the record notes of discussions of the meetings held on the 15th & 16th May 1944 as finally accepted together with a statement showing the revised estimate of production of silk in the filatures in the State from May to December 1944.

Yours Sincerely

24/7/44

(Chief Sy)

To,

A. MacFarquhar Esq. D.C.S.
Deputy Director General of Supply
Dept. of Supply - Textiles Directorate
New Delhi.

24/7/44

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat.

Dated Bangalore, ...25.....July 1944.

Mr. V. Vedavyasacharya, B.A.,
Chief Secretary to Government.
D. O. No.
D 668 Ems

I am desired to refer to the correspondence ending with your etter No.D.D.G.(I) dated 5th June 1944, regarding the record note f discussions of the meeting held on 15-5-1944 at Bangalore, and tate that the changes suggested by you in the said letter are acc ble subject to the following minor changes:-

(1) In the third sentence of IV (Review of contract terms), insert "on the basis of costing of an average filature" after "final adjustment". These words are inserted to make it clear that the manufacturing charges for the period from 1st July 1944 to the end of December 1944 would be determined on the same basis, as has been provided for the subsequent periods from 1-1-1945 in the fourth sentence of IV.

(2) The words "as imperfect market arrangements had admittedl contributed to this "which you suggested may be inserted in the second sentence on page 4, under "IV Review of contract terms" after the words "he suggested that", need not be so inserted. It was pointed out by the chai man at the meeting held on 16-5-1944 that the loss on account of the variation in the estimated renditta at th markets and the actual renditta obtained in reeling coul not be due entirely to the unscientific method of fixing renditta in markets as methods of handling cocoons, tran port of cocoons, storage, and skill of labour were also contributory factors. Every attempt is being made to fi the renditta as accurately as possible and in accordance with a formula which has been evolved and which appears to yield satisfactory results. The loss occasioned cannot therefore be ascribed to the alleged imperfect marke arrangements.

It is hoped that these amendments are acceptable to you.

I am also to enclose a copy each of the record note of discussions of the meetings held on the 15th and 16th May 1944 as inally accepted together with a statement showing the revised est ate of production of silk in the filatures in the State from May ecember 1944.

Y.S.

. Mac Farquhar, Esq., I.C.S.,
eputy Director-General of Supply,
epartment of Supply, Textiles Directorate,
ew Delhi.

Proceedings of the Silk Conference held at 3 P.M. on Monday the 8th May 1944 in the Chambers of the Minister for Revenue and Law, Public Offices, Bangalore.

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Present:-

1. Rajamantrapravina
   K. V. Anantaraman, Esqr., B.A.,
   Minister for Revenue & Law.

2. A. MacFarquhar, Esqr., I.C.S.,
   Deputy Director General of Supply (I).

3. Mr. Drake, I.C.S.,
   Secretary to the Hon'ble the Resident in M

4. Mr. M. P. Pai, I.C.S.,
   Controller of Supplies,
   South India Circle.

5. Mr. S. Ratnam,
   Deputy Financial Adviser.

6. Mr. S. K. Chaudhuri,
   Deputy Director of Textiles.

7. Capt. C. P. Peregrine,
   Officer in charge of the Raw Silk Inspecti
   C a l c u t t a.

8. Capt. J. W. Fawcett,
   Officer in charge, Ordinance Inspection De
   B a n g a l o r e.

9. Rajasevasakta
   T. V. A. Isvaran, Esqr., B.A.,
   Deputy Controller of Supplies,
   South India, Bangalore.

10. Mr. V. Vedavyasachārya, B.A.,
    Chief Secretary to the Government of Mysor
    B a n g a l o r e.

11. Mr. H. S. Govinda Rao, B.A.,
    Special Officer, Filature Expansion Scheme
    B a n g a l o r e.

12. Mr. T. Shamanna, M.A.,
    Assistant Secretary to the Government.

I. Erection of Basins:-

Mr. MacFarquhar, Deputy Director General of Supply stated that he visited the filatures in the Mysore State and impressed with the progress made so far in the construction buildings, etc., and the interest taken in the expansion wor thought, however, that the target figure of 1,460 (basins to erected) could not be reached within the prescribed time i.e within 18 months from 1st July 1943.

The Minister for Revenue and Law stated that 678 basi had been erected, that 562 were actually working and that t balance of the reeling machinery was ready but could not be erected and brought to working order owing to delay in gett building materials such as cement, asbestos sheets etc., the case of one filature the delay was in part, due to the decision of re-reel the silk which at one stage the experts considered was necessary.

The Special Officer explained that at Kankanhalli 50 were working, 25 for training of labour and 25 on normal pr tion basis. The estimate of production of silk 4,38,000 lbs based on the assumption that 28/32 denier silk would be prod If finer silk was to be produced the production would go dow The production of silk had been assumed at 1 lb. a day per b but in actual practice it was found impossible to produce on a day as finer sizes had to be reeled and quality had to be improved by reducing the number of ends and the speed of reel

The Minister suggested that the production per basin year might be taken at 250 lbs.

While reviewing the progress of the work of the Vellu Parachute Silk Co., at Goribidanur, it was decided to ascerta from the filature the number of basins ready for erection.

II. Production of Silk:-

The Special Officer had prepared an estimate of prod id stated that 1,16,800 lbs. would be produced from May to Dec 44 by the Mysore Silk Filatures, the Mysore Spun Silk Mills L id the Government Filature, Kankanhalli. As regards the Filat Vellum Parachute Silk Co. Ltd., he stated that Vellum Parachu lk Co., were changing over to re-reeling.

The estimate of the quantity of silk that would be oduced on the ordinary basins till the re-reeling machinery wa t up had not been ascertained by the Special Officer. The Spe...

Officer was requested to ascertain this and include it
final estimate. The Minister also said that the estima
include the production of silk in the old basins at Mys
by the Mysore Silk Filatures and the Mysore Spun Silk M
Channapatna as the production from these basins was als
supplied to the Government of India.

III. Improvement of the quality of silk:-

The Deputy Director General of Supply (I) pointed
the silk produced by the trained labour and the trainee
be separately sorted out before delivery to the Testing
The Minister for Revenue and Law stated that this would
done.

The Special Officer reported that the suggestions
Mr. Gaddum were being adopted by the filatures.

IV. Review of contract terms:-

The Deputy Director General of Supply(I) stated t
Deputy Financial Adviser had examined the manufacturing
in two filatures and had ascertained that the manufactu
charge per lb. of silk after deducting the realisations
silk waste was Rs.6/- as per figures from July 1943 to
March 1944. The filatures would be paid manufacturing
at Rs.6/- per lbs. for all silk supplied from July 1943
of June 1944. The same rate would be paid provisionall
1st July 1944 to the end of December 1944 subject to f
adjustment on the basis of costing of an average filat
examining the figures for the period. Similarly the
of manufacturing cost would be revised at six-monthly
thereafter on the basis of costing of an average filat
This rate would apply to all filatures whether they ad
re-reeling or not.

...e Deputy Director-General observed that the price of cocoons for calculating the price of silk on the standard enditta of 10 : 1 should be the controlled price for stand quality cocoons prevailing in the month in which the silk as delivered.

The profit would be a fixed sum of Rs.1-6-0 per lb of ilk.

The Deputy Director-General of Supply then raised the estion of the compensation for the loss of the filatures ne sustained on account of the variation in the estimated enditta at the markets and the actual results obtained in reeling. He suggested that such loss might be compensated y the Government of Mysore from the surplus realisations rom the sale of Charaka silk under Silk Control Scheme.

The Minister for Revenue and Law stated that the surpl realised by the sale of Charaka Silk could not be used for his purpose. The Charaka reelers and the cocoon producer ould not in fairness be called upon ~~the~~ to pay for losses to ther people with whom they had nothing to do and for which hey were not responsible.

The Minister for Revenue and Law further stated that arge quantities of charaka silk were being smuggled on acc f the high price the silk commanded now in a scarcity mark t was desirable that ceiling prices for silk fabrics shoul e fixed on an All India basis.

It was necessary that the Madras Presidency should tak teps to prevent the smuggling of silk from Mysore to the adras presidency and to keep an eye on their silk weaving stablishments.

The Deputy Director-General of Supply (I) wanted to kn f the filatures would be agreeable to alter the terms of ontract so that it might be either for a period of three y r for the supply of one million lbs of silk whichever woul e sxxt later.

e Minister was not in favour of suggesting any alterations as the filatures might suggest other alterations in their turn. Any way he left it to the Deputy Director-General to put it before the filatures if he considered it necessary.

V. Reports:-

The Minister for Revenue and Law stated that any information required would be furnished by the Special Officer. He would send the reports to Mr. Isvaran.

VI. Disposal of silk waste.-

The Deputy Director-General of Supply (I) stated that the silk waste should be graded and disposed of to His Majesty's Government who required large quantities of 1st and 2nd grade silk waste.

The Minister stated that the Mysore Spun Silk Mills, Ltd., may purchase the silk waste at market price as at present as the disposal of silk waste did not come within the scope of the contract. The requirements of Mysore Spun Silk Mills should be met first.

VII. Supply of cocoons to Kollegal Filatures.-

The Deputy Director-General of Supplies, wanted to know the position in regard to the supply of cocoons to Kollegal Filatures. The Special Officer read a note indicating the action taken to supply cocoons to Kollegal and stated that assistance was being and would continue to be given.

The Special Officer said that the Kollegal Filatures might arrange to purchase cocoons not only in the markets exclusively allotted to them but also in other markets where cocoons were available in large quantities and the filatures in Mysore did not require these cocoons so that the Kollegal Filatures might build up sufficient stocks.

The Minister promised all possible assistance towards bridging the gap of one million lbs. of cocoons per annum for two years and anticipated no difficulty in making supplies.

The Deputy Director-General of Supplies said that with the ,liances available in the Mysore Testing Section it would be ssible to grade the silk. The Special Officer stated that a ri,rine was required and also panels for testing. Capt. reg,rine said that he might be able to supply panels from Calcutta.

ith regard to price differentials it was pointed that the vernment of India had agreed to price differentials in the ceeding cover up to "C" grade only and not for higher grades. . was suggested that it was desirable that increase in prices ould be given for grades higher than "C" also. The Supply partment officers agreed to consider this suggestion. The estion of adopting grading and price differentials based on chanical tests which could be conducted at Mysore was decided be put before the Ministers.

The Special Officer, Silture Expansion Scheme, brought to e notice of the Deputy Director-General of Supplies that owing the non-supply of wagons, cement asbestos sheets could not e obtained and the building works could not be completed. ,even wagons were required for the purpose.

The Deputy Director-General of Supplies noted down the int for action.

The Special Officer also brought to the notice of the mittee that the extension of the Silk Control Order to areas in e Madras Presidency other than Kolar was necessary in order at smuggling of silk from Mysore might be prevented.

Silkrol Injection.-

The Government of India suggested that the distribution of share of the surplus which accrued from sales of silk to cocoon rers and other reelers, put Filature reelers at a disadvan- e and asked the Government of Mysore to consider the expedi- ncy of stopping such payments which amounted to a considerable mium on the production of Charka silk. The Government of sore were not prepared to admit that these payments operated

operated unfairly on the filatures. To the price paid to the filatures must be added the value of various privileges enjoyed by the filatures. They considered that the remedy for unfair charkha competition was control of smuggling which they were carrying out and enforcement of ceiling prices for silk cloth in the civil market. The Government of India undertook to give this latter measure active consideration. On behalf of the Government of Mysore it was urged that the Charka reelers handled only cocoons not taken up by the filatures, that they rendered a service to the industry by reeling the surplus quantity of cocoons which would otherwise go to waste, and that the charka dealers who were faced with the prospect of being gradually squeezed out of the business were entitled to generous and sympathetic treatment.

Draft proceedings of a Silk Conference held at 9-30 A.M. Tuesday the 16th May 1944 in the Chambers of the Minister for Revenue and Law, Public Offices, Bangalore.

***

P r e s e n t.

1. Rajamantrapravina
K.V. Anantheraman, Esq., B.A.,
Minister for Revenue and Law (Chairman)

2. A. MacFarquhar, Esq., I.C.S.,
Deputy Director-General of Supply (I),
N e w D e l h i.

3. M. P. Pai, Esq., I.C.S.,
Controller of Supplies,
South India Circle,
M a d r a s.

4. S. Ratnam, Esq.,
Deputy Financial Adviser, Supply Department,
N e w D e l h i.

5. S. K. Chaudhuri, Esq.,
Deputy Director of Supplies (Silk),
N e w D e l h i.

6. Capt. C. D. Peregrine,
Officer in charge, Raw Silk Inspection,
C a l c u t t a.

7. Capt. J. W. Fawcett,
Officer in charge, Ordnance Inspection Depot,
B a n g a l o r e.

8. Rajasevasakta
T.V.A. Iwveran, Esq., B.A.,
Assistant Controller of Supplies (Silk),
South India Circle,
B a n g a l o r e.

9. V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysore.

10. Rajasabhabhushana Diwan Bahadur
K. R. Srinivasa Iyengar, Esq., M.A.,
Chairman, Mysore Spun Silk Mills, Ltd.,

11. Rajasevaprasatka
N. Rama Rao, Esq., B.A., B.L.,
Chairman, Mysore Silk Filatures Ltd.

12. V. Sundaramurthi, Esq.,
President, Vellum Parachute Silk Co., Ltd.

13. K. Shamsuddin Khan, Esq., B.A.,
Manager, Mysore Spun Silk Mills Ltd.

14. G. Krishnaswamy Esq.,
Managing Agent, Mysore Silk Filature Ltd.

15. H.S. Govinda Rao, Esq., B.A.,
Special Officer, Filature Expansion Scheme.

The Minister for Revenue and Law said that this meeting had been convened to give an opportunity to the filature interests to come into contact with the Supply Department Officers of the Government of India and explain to them the difficulties experienced in connection with filature expansion work in Mysore and requested Rajasevaprasakta Mr.N. Rama Rao,.Chairman, Mysore Silk Filatures, to lead the discussion.

Rajasevaprasakta Mr. N. Rama Rao while thanking the Government of India and the Government of Mysore for the opportunity given to them said that as the filature interests had to get over a number of difficulties in regard to (1) cocoon purchases (2) handling of cocoons (3) training of labour to produce silk of parachute quality and (4) obtaining of controlled materials such as iron, steel timber etc., the progress achieved so far might be considered satisfactory. He mentioned that assistance was immediately required from the Government of India in regard to supply of cement asbestos sheets.

Continuing Mr. Rama Rao explained that their representation to the Government of India for paying the filatures the actual cost of manufacture plus 10 per cent profit should be sympathetically considered and finally settled immediately as otherwise the filatures would be burdened with heavy losses. He said that the delay in giving an assurance regarding the revision of manufacturing charges had retarded the work. He further stated that grading of silk could duly ~~not~~ be done after the Silk Conditioning and Testing House in Mysore was fully equipped, that all silk taken over by the Government of India should be paid for at the same rates till then and that when sub standard silk is taken by Government of India, it should be taken for only war purposes.

Rajasbhabhushana Diwan Bahadur Mr.K.R. Srinivasa Iyengar in supporting Mr. Rama Rao said that the ~~fix~~ filatures entered into agreements over a year ago and as conditions had thoroughly changed since then they would be incurring a loss of nearly Rs.10,000 on every 100 basins per month if the original conditions of the agreement were enforced.

Mr. V. Sundaramurthi desired that the question of re-reeling should be decided. He had been advised that without re-reeling the silk cannot

come up to the standard, that re-reeling would cost about a lak rupees by way of capital expenditure and working expenses would go up. He desired that re-reeled silk should be paid for at a rate.

The Deputy Director-General of Supply (I) said that the Go of India had got the figures regarding the manufacturing charge of the filatures owned by the Mysore Silk Filatures, Ltd., and Spun Silk Mills, Ltd., examined, and he informed the filature i that the Government of India had placed certain modified propos fore the Government of Mysore which he hoped would satisfy all concerned. He also said that steps would be taken to obtain wa priority for asbestos sheets, that coal supplies had been arran and that coal should be obtained and stocked when available, tha necessary for the filatures to grade their silk into 1st choice choice and supply these two kinds separately to the Testing Hous that would help the distribution of silk to weaving mills.

As desired by the Deputy Director-General of Supply the Cha placed the following proposal of the Government of India before meeting:-

The Government of India will buy the silk produced in the f at rates specified below:-

The price per lb of silk will be fixed as follows:

(a) Cost of 18 lbs of green cocoons at the controlled rate p vailing during the month of delivery of the silk to the Governme Mysore Silk Testing House, plus

(b) net manufacturing charges (excluding realisation from th of silk waste etc) at a rate of Rs.6/- per lb. for all silk alread supplied and to be supplied during the period from July 1943 to e June 1944, plus

(c) Profit at a fixed rate of Rs. 1-8-0 per lb.

In regard to the latter periods it was stated that the net m facturing charges payable would be subject to revision every six based on the actual cost of manufacture of silk in the filatures. the cost of manufacture figures of the filatures were examined an actual manufacturing charges payable to the filatures during a hal were decided by the Government of India, payment of the manufactu charges prevailing during the previous period would be continued visionally. As such the manufacturing charge of Rs.6/- per lb. wou

on a point raised by the Special Officer whether the above p
referred to 20/22 denier silk and additional one anna per lb woul
paid as before for finer counts it was stated that the above pric
applied to all denier of silk produced and supplied by the filat
to the Government of India as according to the above arrangement
Government of India would be paying the actual manufacturing char
incurred by the filatures for reeling the silk.

Messrs. K.R. Srinivasa Iyengar and P. Rama Rao expressed sat
faction with regard to the terms offered regarding cost of manufa
and accepted the figure. With regard to profit, Mr. Rama Rao was
that the 10 per cent originally provided for should be given on th
present costs of production. He also stated that apart from the
actual manufacturing charges, the actual cost of cocoons used to
into silk should be given as the reelers often actually obtained
fluctuations the filatures for very much higher than that fixed by
markets and if the filatures were paid for 10 lbs. of cocoons only
would be incurring heavy losses. In any case, the losses incurred
the filatures so far as the higher rendits should be made good to
them to proceed rapidly with expansion work.

Mr. K.R. Srinivasa Iyengar stated that profit of 10 per cent
the present costs would help the filatures very much but as the fi
mers were not out to make huge profits and as they had to make sa
fices in the interests of standard and efforts, he would accept
-8-0 as profit per lb. since their actual manufacturing charges h
been assured. He further said that though as per the market rate
as expressed, they were not entitled to press the question of re
f rendita, he would request a revision as they had incurred losse
account of higher rendita. The original figure of 10 might be a
r not out in actual working as far the rendita was very much hig
than that fixed by the markets. The higher rendita obtained might
ue to several causes such as defects in methods adopted infixing
endita in markets, inefficiency of labour in filatures, etc. He r
equest that the filatures should be paid all the cost incurred by them
or producing silk including cost of cocoons actually used.

Mr. Rama Rao said that as in the case of manufacturing charges, the average cost of cocoons used by all the filatures might be taken for finding out the cost of cocoons used to produce a lb. of silk and the rendita obtained in the Government Filature, Kankanadi, might be used to check the figures of the other filatures.

Mr. Mac Farquhar said that it was not possible to agree to profit a rate higher than Rs. 1-8-0 per lb. that the question of paying the larger quantity of cocoons so far used had come up newly and had been placed by him before the Government of Mysore and wanted to know if filatures agreed to the revised manufacturing charges, profit remaining at Rs. 1-8-0 per lb.

Messrs. Rama Rao and K.S. Srinivasa Iyengar accepted the terms proposed that the question also could be sympathetically settled on the point raised by Mr. Sundaramurthi that he should be given high manufacturing charges, for his re-reeled silk the Chairman stated that the Government of India wanted good quality silk whether it was obtained by re-reeling or otherwise, it was for Mr. Sundaramurthi to consider whether he could go in for re-reeling or not as the manufacturing charges now fixed applied to all the filatures.

The Deputy Director-General of Supply (I) said that the two questions referred by the Government of Mysore to the Government of India for consideration after conducting were (1) manufacturing charges and (2) profit payable to the filatures. As the question of recoupment of losses sustained by the filatures due to the larger quantity of cocoons used than allowed as per agreement had not been referred to them by the Government of Mysore, the filatures will have first to convince the Government of Mysore or that the Government of Mysore might take up the matter with the Government of India.

In regard to the question regarding the recouping of the loss if no recoupment was considered necessary the Chairman pointed out that it was in the case of manufacturing charges, the losses incurred by the filatures due to the use of larger quantities of cocoons would have to be made good in view of the abnormal conditions prevailing. Just the Government of India had thought it desirable and necessary to coup the losses incurred by the filatures on manufacturing charges as to put heart into them in their venture and help them to proceed wi

confidence, it was necessary that the Government of India should ag to an ex-gratia compensation for the loss incurred by them on accou of rendita as loss on this account was invitable as under no circum ces could the actual rendita obtained by the filatures in reeling s the rendita fixed in the market be the same and as it would mean re a great hardship to the filatures if this ex-gratia assistance at l was not given. The Chairman further stated that the loss could no due entirely to the unscientific method of fixing rendita in marke methods of handling cocoons transport of cocoons, storage and skil labour were also contributory factors. It would be necessary to f out as far as possible the variations in rendita due to all these tors and see how much loss had been ingurred due to the rendita fi in the markets. The filatures have to bear their portion of the due to inefficiency of methods, inefficiency of labour etc. The q had been brought up newly and had to be examined carefully.

After further discussion the Deputy Director-General of Suppl stated that the question of the recoupment of the losses incurred the filatures in Mysore on account of variation in rendita up to a reasonable extent would receive the sympathetic consideration of a concerned after the question was examined by the Government of Mys and they were convinced that the matter required the consideration the Government of India. He further stated that the question of a ex-gratia compensation on account of the variations in regard to r of the cocoons would arise for the period up to the end of June 19 only and the new method of fixing rendita would work more satisfac and that the filatures will have to make arrangements to minimi avoid losses on this account and stand on their own legs in this m from 1st July 1944.

Re-reeling.- The Deputy Director-General of Supply explaining the p position of the Government of India in regard to the subject said what they wanted was the best quality of silk possible. The opini experts was that re-reeling was not absolutely necessary for produ the best quality of silk and that it was possible to improve the q of silk by alternative methods. The Government of India were ther not interested in getting only re-reeled silk. But if the filatur

. ...duce superior quality of silk by conducting re-reeling at their own cost, then they had no objection to pay higher prices per price differentials they have agreed to i.e. at the rate of ... per for every grade higher than the basic "D" grade which was t... the basic grade.

Sir ... Chidambaram Chetti, the President of Salem Chamber of C...ce, and many persons from the private filature interests who ... interested in supplying re-reeled silk and who said that a rate ... least Rs. ... more for every grade higher than the basic "D" gr... would probably make it possible for mills to take to re-reeling of silk, was requested to carefully examine his costs on account of re-reeling and take his decision as the Government of India had fix... higher rate of premium for each grade after careful consideration ... regard.

Price differentials.-

The Deputy Director-General of Supply stated that the first ... with regard to the price differentials to be decided at the Salem ... Conference was, in this connection, it was decided that the ... grade silk to be ... shortened as ... and that the price of all grades higher than "D" up to "A" should be fixed at ... annas a lb. than "D" and that the price of silk of lower grades at ... annas ... less than "D". It was also said that as the price that was being paid to mills for their silk by the Government of India was the ... price for all grades they could secure and as it was not possible ... grade silk produced till the ... operations were completed, ... was not agreeable to this differentials at present and that ... grading could be done and ... rate fixed for the basic grade should be paid for all the ... supplied by the filatures.

... was agreed that the whole ... of the question carefully ... this ... should be submitted to the Government of Mysore in the matter for ... with the Government of India.

Details of production.-

The Deputy Director-General called upon the filatures to give the ... of production of silk in each of the institutions for ... 1944 ...

Mr. J. Rama Rao gave the following figures:

May	1944	..	7,000 lbs.
June	1944	..	7,000 "
July	1944	..	10,000 "
August	1944	..	11,000 "
Septr.	1944	..	12,500 "
October	1944	..	14,000 "
November	1944	..	15,000 "
December	1944	..	17,000 "
			94,000 "

For October 1944 about 40,000 lbs. per month. Mr. Rama Rao could not say what the supply figures after September 1944 would depend upon their getting cement capacity up to the extent required for the above production 60 to 70 per cent could be standard quality mill & those for manufacture of pavements.

Mr. Ramadas Pantulu gave the following forecast of production of oil in Visakhapatnam district for May 1944:-

May	1944	..	1,800 lbs.
June	1944	..	2,700 "
July	1944	..	3,100 "
August	1944	..	3,500 "
Septr.	1944	..	3,500 "
October	1944	..	3,600 "
November	1944	..	3,500 "
December	1944	..	3,500 "
		Total	25,100 "

The quality represents 7 per cent of the product in these wells with exception of the first crude. The remaining 30 per cent of the crude is about 3,00 lbs. It might fall to lower grades of oil if they proceed to greater depths.

Mr. Ramadas Pantulu was to have an estimate of the production of the district of Visakhapatnam which is however as 17th May 1944.

It was pointed out that the figures so forecast in all the instances would be affected from all interests, especially those by the special [illegible] and the interest of India.

Mr. Rama Rao was invited [illegible] to the meeting and also Col. [illegible]. It was brought to their notice that there would be no difficulty to [illegible] the Fisheries Organisation scheme as all applications were [illegible] received at Madras by the Secretariat Branch.

Mr. Rama Rao suggested that the fisheries should build as sufficient [illegible] of oil whenever it was available so that they could carry on the work without interruption at times when crude oil [illegible] were short of the requirements.

[signature]

for Chief Secretary to Govt

Appendix F. G.—1]

SUBJECT.....

.....

.....

Section 8-A'

File No. 96-43

Diary No. of letter replied to..... confidential Serial No. 34

No. D 69

To

General and Revenue Secretariat

( )

the *194* .

Dear Sir,

I am desired to make

Messrs. A. MacFarquhar & Targett (R.W.) are

to visit Bangalore in the first we

Date of issue.... 26/7

A copy of letter dt 18.7.44 from the Minister Rev. & Law to Mr. MacFarquhar is enclosed for information

of September 1944. In this conne

Signed by.... M. W.

I am to invite your attention

the several defects observed by

officers of the Supply & Ordnan

Inspection Depts. of the Govt. of

regarding marketing arrangemen

the cocoon markets, testing of sil

in the Silk Conditioning & Testing

House and reeling of silk & othe

matters relating to the silk indus

and to request that prompt acti

may be taken to remedy these d

so that definite progress may be s

before their visit to

P.T.O.

of enclosures,.....

d by.....

ined by.....

WD 04161—GPB—60,000—24-10-41

I am also to enquire what action has been taken by you to post an officer to be in charge of the Govt. Silk Filature, Kankanhalli, in place of the present incumbent. Proposals in this behalf may be submitted to Govt. immediately.

I am to invite reference to the statement showing the estimates of production of silk in the Filatures in the State furnished by you to enquire how far the progress has been achieved in this behalf in accordance with the programme. I am to request you kindly to see that the programme with regard to production of silk is kept up.

Yours Sincerely

26/7/77

To, The Dy. (or name)

Govt
24/7/77

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

CONFIDENTIAL.

General and Revenue Secretariat.

V. Vedavyasacharya, B.A.,
Chief Secretary to Government.

Dated Bangalore, ...26th July 1

D. O. No.

D 692 | Seri 96-43-244 —

—

I am desired to state that Messrs. R.W. Targett and A. Mac arquhar are likely to visit Bangalore in the first week of September 944. A copy of letter dated 18th July 1944 from the Minister Revenue nd Law to Mr. Mac Farquhar is enclosed for information.

In this connection, I am to invite your attention to the several efects observed by the officers of the Supply and Ordnance Inspecion Departments of the Government of India regarding marketing rrangements in the cocoon markets, testing of silk in the Silk Conditioning and Testing House and reeling of silk in the Filatures and ther matters relating to the silk industry and to request that rompt action may be taken to remedy these defects so that definite rogress may be shown before their visit.

I am also to enquire what action has been taken by you to post n officer to be in charge of the Government Silk Filature, Kankanalli, in place of the present incumbent, Proposals in this behalf ay be submitted to Government immediately.

I am to invite reference to the statement showing the estimates f production of silk in the Filatures in the State furnished by you nd to enquire how far progress has been achieved in this behalf in ccordance with the programme. I am to request you kindly to see hat the programme with regard to production of silk is kept up.

N.S.

off)

26/7/44

. S. Govinda Rao, Esq., B.A.,
pecial Officer, Silk Filature Expansion Scheme in Mysore,
a n g a l o r e.

DEPARTMENT OF SERICULTURE.

344/Sec 1

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O., 21st July 1944.

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysor
Bangalore.

Sir,

Subject:- Expansion of silk production -
Quarterly meeting held at Bangalore.

CHIEF SECRETARY. Seri 22.III.1944

In enclosing herewith a copy of D.O. letter No. [illegible] D/44 dated 19th July 1944 received from Mr. A. Thulecli, Director of Industries and Commerce, Madras, and copy of my reply No. 303 dated 21st July 1944 to him for information, I have the honour to request you to obtain instructions from Government as to whether a copy of the proceedings may be sent to the Director of Industries and Commerce, Madras, when received.

A

I have the honour to be,
Sir,
your most obedient servant,

Special Officer.

P.T.O.

Subd for orders re: A above.
copies of the proceedings as finally approved are not still available. The matter is still under correspondence.
from 28/7/44
28/7
29/7

Letter No. 1733 D/44 dated 19th July 1944 from the Director of Industries and Commerce, Madras, to the Special Officer, Filature Expansion Scheme, Bangalore.

Expansion of silk production - Quarterly meeting held at Bangalore between Government of India and Mysore - May 1944 - Proceedings - Copy requesting -

---

I wonder if you have received by now a copy of the proceedings of the Conference that was recently held at Bangalore between your Government and the Supply Department of the Government of India. As you know Madras is very much interested in the views of Mysore Government in these matters. As these views have important repurcussions on its silk industry I shall be glad, therefore, if you will please send me, if available with you, a copy of the proceedings. If you have not yet received a copy, will you please send me one soon after you receive the same?

Thanking you,

" C o p y "

Special Officer.

DEPARTMENT OF SERICULTURE.

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O., 31st July 1944.

Dear Mr. Khaleeli,

Subject:- Expansion of silk production - Quarterly meeting held at Bangalore.

With reference to your D. O. Letter No. 1733 D/44 dated 19th July 1944 I write to inform you that I have not yet received a copy of the proceedings of the Quarterly meeting held here in May 1944.

Yours sincerely,

Sd/-. H. S. Govinda Rao,

A. Khaleeli, Esq., I.C.S.,
Director of Industries and Commerce in Madras,
Chepauk, Madras.

"C o p y"

H. S. Govinda Rao
Special Officer.

The Mysore Silk Filatures, Limited

T. NARASIPUR

RAJASEVAPRASAKTA
N. RAMA RAO, B.A., B.L.
CHAIRMAN

1191, CHAMARAJAPURAM

Ref. No. ನಾ-೨/44.

Mysore 1st August *1944*.

The Chief Secretary
to The Government of His Highness
The Maharaja of Mysore, BANGALORE.

Sir,

I have the honour to state that I have received a copy of G.O. No.664-7/Seri.96-43-32 dated 25th July 1944 dealing with the notes of discussions at meetings held on the 15th and 16th May 1944 with the Deputy Director General of Supply. Permit me to point out that Clause (e) of para 3 of the "Read" portion is not a decision to which the private filatures interests agreed. Our claim urged in unequivocal terms was, and continues to be, that we should be re-imbursed the actual cost of cocoons, irrespective of the rendita adopted at a guess by Cocoon Market Officers, and that we would not accept any calculation based on a formula. We pointed out that a "probable formula" derived its value solely from its degree of approximation to fact, and could not claim to be sacrosanct in itself, When the exact fact itself is directly ascertainable there can be no possible justification for preferring a formula to it. Cost is a fact, and has to be accepted as such. You may recollect that the force of this reasoning was admitted by the Government of India representatives, and that they conceded the principle that the actual cost of cocoons should be ascertained and re-imbursed, and wanted the Government of Mysore to ascertain the cost actually incurred by the Filatures. We have submitted our claim, and believe, it is engaging the attention of the Special Officer.

You will see that Clause (e) is inconsistent with this decision, and we regret that we cannot accept it. We would be grateful if you would address the Supply Department of the Government of India on this subject, and get the necessary

p.t.o.

modification effected in order that the indentures may b
revised on lines actually agreed to.

Thanking you,

I have the honour to be,
Sir,
Your most obedient servant

N Ramma Rao

CHAIRMAN,
The Mysore Silk Filatures,

P. S. It is not clear from the reci
in the "Recd" portion whether the
notes referred to in para 3 were
made by the representative of t
Supply Department, or our own re
Authority; in any case, cl (e)
erroneous.

N Ramma Rao

Seri 96-43-32

The Mysore Spun Silk Mills, Ltd.

(FACTORY : CHANNAPATNA)

Rajasabhabhushana Diwan Bahadur
K. R. SRINIVASIENGAR, M.A.,
(Retired Member of Mysore Executive Council)
CHAIRMAN

8th Road, Chamarajpet
BANGALORE CITY
9th August 1944

Dear Sir,

I have just seen Government Order No.B.664-7/Seri. 96-43-32 dated the 25th July 1944 containing the orders of Government on the discussions that took place at the meetings held on 15th and 16th May 1944 on the representati of the Filature interests for the payment of enhanced rates for the silk supplied by them to the Government of India. On a perusal of the Government Order, I find that while Clauses (a) to (d) and Clause (f) of Para 3 of the preamble to the Government Order contain a correct record of the decisions arrived at the meeting, Clause (e) appears to be some what defective and misleading. To the best of my - recollection it was urged by all the private filature - interests which were represented at the meeting that payment should be made for the silk supplied by them on the basis of the actual renditta obtained from the cocoons used by the and not on the basis of a fixed standard renditta of 18:1 as provided for in their agreements with Government and that, otherwise, the filatures will be subjected to such heavy los as would make it practically impossible for them to carry on their business. The Government of India representative Mr. Mac Farquhar was quite in sympathy with us; and in - conceding the reasonableness of our claim, he said that he would

would leave it to Government of Mysore to determine the actual loss sustained by each of the Filatures over the renditta for which they had to be re-imbursed and that he would abide by their decision in the matter. The Revenue Minister then observed that in determining the loss susta by each of the Filatures, the question of how far such lo might have been due to inattention, inefficiency &c., had to be considered and taken into account and that he would obtain the necessary particulars for this purpose in resp of each of the Filatures and then pass his orders.

As there is no reference to the abovementioned points in Clause (e) of para 3 of the preamble to the Government Order and as in the absence of such reference, the Clause as it stands is likely to be prejudicial to our claim, I request that the matter may kindly be caused to be cleared up by making the necessary amendments in the Government Order or by the issue of a supplementary Order on the subj

Yours sincerely,

The Chief Secretary
to the Government of His Highness The Maharaja
of Mysore, BANGALORE.

1) The Chairman, Mysore Spun Silk Mills,Ltd, Channapatna.

2) The Chairman, Mysore Silk Filatures,Ltd. T-Narsipur.

Sir,

Subject:- Price to be paid for cocoons in determining the price of silk - Cl.(E) of G.O.No.D.664-7/Seri.96-43-32 dated 25-7-1944.

With reference to your letter No.736 F dated 9-8-44/ M3-8/44 dated 1-8-44, I am directed to invite your reference to this office letter No. D.1318/Seri 40-44-3 dated 26-8-44/ D.1261 dated 24-8-1944 and to state that at the Silk Conference held during May 1944 with the officers of the Govt. of India, it was ~~decided~~ that the price of cocoons for calculating the price of silk on the standard renditta 18:1 as per the terms of the agreement should be the controlled price for standard quality cocoons prevailing in the month in which the silk was delivered. It was represented on behalf of the filatures that they should be paid the actual cost of cocoons used to produce silk, as the renditta obtained was ~~on the average~~ very much higher than that fixed by the markets and that the loss sustained on account of the higher renditta may be re-imbursed to them. It was pointed out by the Chairman that, though according to the terms of the contract the filatures were not entitled to any payment on this score, the question of paying some ex-gratia compensation for the loss sustained due to higher renditta would be examined with a view to ~~accelerating the production of silk essentially needed for war purposes as also to see that the filatures do not suffer~~ loss on this account. He also stated that the loss

the loss could not be ascribed entirely to the unscientific method of fixing the renditta in the markets as other factors such as the methods of handling cocoons, transport of cocoons, storage, skill of labour were also contributory factors and that it would be necessary to find out, as far as possible, the variations in renditta due to these factors and see how much loss was due to the renditta fixed in the markets. Neither was the claim of the filatures accepted nor was the payment based on actual cost of cocoons promised. It was suggested that the representation of the filatures might be examined by this Govt. in the first instance, and it was observed by the Govt. of India representative, finally, that the payment of ex-gratia compensation would receive sympathetic consideration. He, however, stated that the question of ex-gratia compensation due to higher renditta would arise for the period up to the end of June 1944 and that it was expected that the new method of fixing renditta would work more satisfactorily and that the filatures should make arrangements to minimise or avoid losses on this account and stand on their own legs in this matter from 1st July 1944 onwards.

As can be seen from the above the G.O. dated 25 referred to above embodies the present decisions in this matte without prejudice, however, to the question of the rep sentation of the filatures being examined.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSC

General and Revenue Secretariat.

No. D 1664-3 Seri

Bangalore, Dated 11th Sept...

FROM

The Chief Secretary to the Government of His Highness the Maharaja of Mysore.

To

1. The Chairman, Mysore Spun Silk Mills, Ltd Channapatna
2. ------do----- Mysore Silk Filatures, Ltd., T. Narsipur.

Sir,

Subject :- Prices to be paid for cocoons in determining the price of silk - Cl (E) of G.O.No.D.664-3 Seri. 96-43-34 dated 25-7-1944

With reference to your letter No. 736 F dated 9-8-44/M3-8/44 dated 1-8-44, I am directed to invite your reference to this offi letter No. D.1318/Seri 40-44-3 dated 26-8-44/ D.1261 dated 24-8-1 and to state that at the Silk Conference held during May 1944 wit the officers of the Government of India, it was explained that th price of cocoons for calculating the price of silk on the standar renditta of 18:1 as per the terms of the agreement should be the controlled price for standard quality cocoons prevailing in the mo in which the silk was delivered. It was represented on behalf of filatures that they should be paid the actual cost of cocoons used produce silk, as the renditta obtained was very much higher than t fixed by the markets and that the loss sustained on account of the higher renditta may be re-imbursed to them. It was pointed out b the Chairman that, though according to the terms of the contract t filatures were not entitled to any payment on this score, the quest of paying some ex-gratia compensation for the loss sustained due t higher renditta during the period ending June 1944 would be examine He also stated that the loss could not be ascribed entirely to the ethod of fixing the renditta in the markets as other factors such s the methods of handling cocoons, transport of cocoons, storage, kill of labour were also contributory causes and that it would be ecessary to find out, as far as possible, the variations in rendit ue to these factors and see how much loss was due to the renditta

enditta fixed in the markets. There was no acceptance of the laim put forward by the Filatures but it was decided that the epresentation of the filatures might be examined by this Govern-nt in the first instance. It was observed by the Government of ndia representative, that the payment of ex-gratia compensation w eceive sympathetic consideration. He, however, stated that the estion of ex-gratia compensation due to higher renditta would ise for the period up to the end of June 1944 and that it was pected that the new method of fixing renditta would work more tisfactorily and that the filatures should make arrangements to nimise or avoid losses on this account and stand on their own gs in this matter from 1st July 1944 onwards.

As can be seen from the above, the Government Order dated -7-44, referred to above, embodies the present decisions in this tter, without prejudice, however, to the question of the repre-ntation of the filatures being examined.

Copy of letter No.1643, dated 31st July 1944, from the Manager, The Mysore Spun Silk Mills, Ltd., Channapatna, to the Special Officer, Filature Expansion Scheme, Bangalore City.

With reference to Government Order No.E.664-7/Seri-96-43-32 dated the 25th July 1944 regarding the payment of value of silk supplied by the Filatures under the Filature Expansion Scheme, I invite kind reference to clause (e) of the Government Order wherein it is indicated that the price of cocoons for calculating the price of silk on the standard renditta of 18: 1 should be the controlled price for standard quality cocoons prevailing in the month in which the silk was <u>delivered.</u> Please let us know whether we may take the cost of cocoons for silk already supplied to you so far, at rates which were prevailing for standard quality cocoons during the months in which the silk was actually delivered to you. On hearing from you we shall send you a supplementary bill for payment for the amount due to us on cocoon account.

B.K.

SPECIAL OFFICER I/C.

D.O.No.DDGI-139/44.

DIRECTORATE GENERAL OF SUPPLY.
New Delhi, 2nd September, 1944.

My dear Vedavyasacharya,

Thank you for the revised estimate of silk production enclosed with your D.O. letter No. D668(3) Seri 96-43 dated 25th July. The estimates for Chennapatna and Vellum are less than their confident figures at our last Conference led me to expect —/particularly — but the overall figures for the State are cheerful. They will come under review again at the coming Conference.

Vellum

2. As to the amendments you suggest in the record note of our May discussions, the first is acceptable. I would not omit the words you want to leave out in your second amendment but we may agree to differ on this point if it is beyond your acceptance. I would point out however that on what you say there is no difference of opinion between us as my draft does not profess to suggest that the loss on account of variation in renditta is entirely due to unscietific methods of fixing it in markets: the suggestion is that this was one of several contributing factors, a point which by implication you also admit even in this letter.

likely to be a major issue at the next Conference.

I hope Mysore Government have formulated their views on it.

Yours sincerely,

A. MacFarquhar

(A. MacFarquhar)

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
General and Revenue Secretariat,
Bangalore.

DEPARTMENT OF SERICULTURE. 1286

Office of the Special Officer,
Silk Filature Expansion Scheme,
Bangalore, dated 14th August 1944.

To

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government,
Bangalore.

Sir,

In enclosing herewith a copy of the letter No.1349, dated 31st July 1944, received from the Mysore Spun Silk Mills Ltd., Channapatna, regarding the rate to be paid towards cost of Cocoons according to G. O. No.664-7/Seri.96-43-32, dated 25-7-44, I have the honour to request early orders of Government regarding the date from which the payment provision in the G. O. regarding payment towards cost of cocoons takes effect. According to the discussions with the Supply Department Office of the Government of India, it was intended that the effect should be given from the date from which the enhanced manufactury charges are paid i.e. from July 1943.

3. AUG. 1944
MYSORE

I have the honour to be
Sir,
Your most obedient servant,

SPECIAL OFFICER I/C.

B.K.

To,

The Special Officer,
S.F.E. Scheme

Sir,

With reference to your letter No. Q A 100 dt. 17.8.44 re: payment towards cost of cocoons as per Lgo. dt. 25.7.44, I am directed to enquire what the basis on which the price of silk delivered to the Govt. of India is fixed and ~~the manner in which the~~ how the price of cocoons is determined in ~~Bombay~~ Calcutta for the price of such silk.

An early reply is requested.

I have etc.

for Chief Secy.

The main file
re; re-imbursement for loss
sustained by the Filatures on
account of higher rendita is
sent. to the Minister R+S.
Its receipt will be awaited.

This does not relate
to the file referred to
above. Please put
it in with refes

DEPARTMENT OF SERICULTURE.

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O., 7th October 1944.

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysore,
Bangalore.

Sir,

With reference to your letter No. D. 55/Seri.96-43 dated 23rd September 1944, I have the honour to state that prior to the issue of Government Order No. D. 664-7/Seri. 96-43-32 dated 25th July 1944, the price of silk delivered to the Government of India was being fixed according to the detailed procedure laid down in para 4 of Schedule III attached to Government Order No. D. 5309-74/Seri. 143-41-10 dated 17th February 1943. This was clarified in the discussions the Controller of Supplies, Madras, had with the Minister for Revenue and Law at Bangalore on 20th June 1943. Please see letter No. 19540/B of 28th June 1943 of the Controller of Supplies and your reply to him No. D. 1015 of 12th August 1943.

Under this procedure, the cost of cocoon was being fixed with reference to the rate that was in force in the month in which the cocoons used for producing the silk were purchased. Considerable difficulty was experienced in obtaining this information from the Filatures as cocoons purchased in different months were being kept in the same godown and utilised in different months could not be stocked & delivered separately. The difficulties were explained to the Government of India Officers, who agreed as indicated in the Government Order of 25th July 1944, that the price of cocoons may be fixed at the rate prevailing in the month

month in which the silk was delivered. The procedure laid down in the Government Order of 25th July 1944 is being followed with reference to silk delivered subsequent to 25th July 1944.

I have the honour to be,
Sir,
Your most obedient servant,

W. J. Smith
Special Officer.

DEPARTMENT OF SERICULTURE.

No. C.236.
Encl: one Statement.

Office of the Special Officer
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road
Basavangudi P.O.,
Camp Mysore, 4th October 1944

To

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysor
Camp Mysore.

Sir,

With reference to your D.O.letter No. D. 692 (1) Ser 96-43-34 dated 26th July 1944, I have the honour to invite a kind reference to my letters No. 236 dated 11th April 194 andNo. E. 63 dated 1st August 1944 wherein I have already reported the action taken to remedy the defects pointed out regard to reeling of silk in the Filatures.

In regard to marketing arrangements for cocoons necessary action to effect improvements has been taken. The items which have received attention and the directions in which improvements have been effected are briefly indicated below:-

1. Supression of black markets: The Cocoon and Silk Control Orders have been suitably amended to tighten the control and a separate organisation has been set up for the prevention of the black markets.

2. Ensure that the basis of calculation of renditta for fixing the prices of cocoons is absolutely fair. The new method of fixing renditta on the basis of the Silk Content in the cocoons which was introduced in March 1944 is being tried with fairly satisfactory results. Improvements are also being effected in this method by eliminating any defects observed during the course of its working.

3. Rearers of cocoons to be trained and supervised. The Sericultural Department has been attending to this work.

4. If practicable, cocoons to be sorted before sale to filatures. The filatures have been sorting the cocoons before reeling. It is not practicable to sort cocoons in the Cocoon Markets, as the number of lots of cocoons handled by the Cocoon Markets each day is very large and the time available for disposing off the cocoons after they are received in the market is very limited and the space available in the market is very limited.

5. Filatures to have the option of returning inferior cocoons for Government disposal on the charka market. The Filatures have been selling double and inferior cocoons to licensed charka reelers.

6. Filatures who produce the best silk to receive priority over other filatures in the distribution of the best cocoons. Each Filature Company has been allotted some Cocoon Markets exclusively. The best cocoons coming into these markets are being allotted to the filatures.

The observations contained in the tour notes of Captain Peregrine in regard to testing of silk were as follows:

" A careful check on the size of silk is essential. Surprising check on the reelers should be carried out more frequently. More denier testing apparatus should be installed where necessary and machines should be carefully calibrated at regular intervals. Tests should not be conducted in draughty places as inaccurate tests are misleading and useless."

All these details are being attended to by the Filatures

lk Testing Section.

Separate proposals have already been submitted to Government re. the change of the present incumbent in the Government Filature at Kankanhalli.

I submit herewith a statement showing the actual production of silk in the different filatures in the State as compared with the estimated production during the months of May, June, July and August 1944.

I have the honour to be,
Sir,
Your most obedient servant,

Special Officer.

STATEMENT SHOWING ACTUAL BRODUCTION OF SILK IN THE FILATURES AS COMPARED WITH THE ESTIMATE.

Name of Filature.	MAY 1944		JUNE 1944		JULY 1944		AUGUST 1944		
	Estimate.	Actual.	Estimate.	Actual.	Estimate.	Actual.	Estimate.	Actual.	
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	
1. Mysore Silk Filatures,Ltd.	7,000	6,548	7,500	8,818	10,000	7,328	11,000	5,302	Factory at T-Narsipur closed for some days during July and August due to plague.
2. Mysore Spun Silk Mills,Ltd.	1,500	1,836	2,000	3,280	2,300	3,193	3,000	3,225	
3. Vellum Parachute Silk Co.,Ltd.	950	847	1,300	924	1,600	1,013	2,200	Information not yet received.	
4. Government Filature,Kankanhalli.	468	388	781	982	1,250	1,265	2,187	857	

Camp Mysore,
4th October 1944

SUBJECT.....

.....

.....

Section Sec i

File No. 96-43.

Serial No. 42

Diary No. of letter replied to.....

No. D 3612

To

General and Revenue Secretariat

( )

the *194* .

(Dear Mr Mac Farquhar)

I am desired to refer to correspondence ending with your D.O. letter No. DD-Cl 9-139/44 dt 2.9.44 re: the record of May discussions and to state that the Govt. has no objection to the retention of words " as imperfect market arrangements had admittedly contributed to this " in the second sentence on page 4 under " IV Revised contract terms" as suggested in your D.O. letter No. DD-Cl 9(9)/44 dt 5.6.44.

ate of issue.....

Signed by.....

List of enclosures.....

Copied by.....

Examined by.....

Yours sincerely

W

for Secy. to the Govt. of India

To A. Mac Farquhar Esq. I.C.S.
Deputy Director General of Supply
Dept. of Supply – Textiles Directorate
New Delhi.

WD 04161—GPB—60,000—24-10-41

P.T.O.

D 3613(4) Seri 96-43-43
Draft II

No. The S.O., S.F.E.S.

Sir,

With reference to correspondence ending with your letter No. A 2799 dt 7.10.44 requesting orders of Govt. as to the date from which the price of cocoon is to be paid in accordance with clause (e) of the G.O. No. D 6647/Seri. 96-43-32 dt 25.7.1944 I am directed to state that clause (e) of the G.O. dt 25.7.44 may be applied to all supplies of silk made and to be made from July 1943 - the date of commencement of the contract.

Copies of record notes of discussions of the meetings held on the 15th & 16th May 1944 are herewith sent for information & necessary action. Copies of the record notes of discussions may also be sent to the Director of Industries & Commerce, Madras, (vide your letter No. 344 dt 21.7.44)

I have etc.

D 3614-15(4)

16/11/44

dt 2/12 To 15.11. with Chief Secy. to Govt.

1) The Deputy Controller of Supplies (Silk), Basavanagudi, Bangalore City.
2) Controller of Supplies, S.D. Cell, Madras.

I am directed to send herewith for your information copies of record notes of discussions of the meetings held on the 15th & 16th May 44 between the representatives of Govt. of India & this Govt.

Sen 86-63-65

B.T.E. INDIAN POSTS AND TELEGRAPHS DEPARTMENT No.

Rec'd at ... M. Sent at ... H. ... M.
From
By
Office Stamp
By

WG NEW DELHI 12 STE 87 CHISEC BANGALORE =
TX -72(4) REF ESTIMATES PRODUCTION RAW SILK IN
CLOSURE YOUR NUMBER D -868 (3) DATED TWENTYFIFTH JULY
444 QUANTITY DELIVERED UPTO END OCTOBER SIXTYFIVE
THOUSAND SIXHUNDRED POUNDS ONLY AGAINST YOUR ESTIMAT
NINETYNINE THOUSAND EIGHTEEN POUNDS 444 CAN WE RELY O
U TO MAKE UP ARREARS BY END DECEMBER & DELIVER NOVEMBE
DECEMBER QUOTAS IN FULL 44 GRATEFUL FOR REPLY WITHIN

Production of

I am directed to enclose a copy of the telegram dated the 12th instant received from the Director Genl. of Supply, New Delhi on the ~~question~~ above subject and to request you to be so good as to furnish your report immediately on the information. The matter may be treated as urgent as a reply by wire ~~if expe~~ has to be sent within a week.

Seri 96-43 - 47 3765/2,1

DEPARTMENT OF SERICULTURE .

E. 364/23.12.44

Office of the Special Officer,
Filature Expansion Scheme,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O.,22nd Decr. 1944.

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to the Government of Mysore,
Bangalore.

ir,

Subject:- Production of silk

With reference to your No. D. 3959/Seri. dated 15th December 1944 orwarding for report copy of telegram dated 12th instant from the Direct eneral of Supply, Delhi, on the above subject, I have the honour to note elow the estimates of production and the actucal production of silk in e the filatures for the period May to end of November 1944.

	Estimated. Lbs.	Actual. Lbs.
. Mysore Silk Filatures,Ltd.	77,500	48,558
. Mysore Spun Silk Mills,Ltd.	19,300	22,261
. Vellum Parachute Silk Co.,Ltd.	13,650	10,874
. Government Silk Filature.	7,890	6,881
Total	1,18,340	88,574

ie silk produced actually during each month would be delivered after son ays as the silk will have to be examined,packed and baled. The filature re delivering the silk to the Ordnanee Inspection Depot, Bangalore.

The largest fall is with regard to the Mysore Silk Filatures,Ltd. stimate had been based on the understanding that cement asbestos sheets equired for the buildings at Santhemarahalli and Mamballi would be recei / rail in June or July 1944. After considerable correspondence, the Sup epartment was unable to obtain rail priority. As such the roofing sheet ere received late in October 1944 and the buildings are being completed. fter completing the buildings, the basins will be erected. If the sheet id been received in July, the basins in these filatures would have been rected by now thus increasing the existing production of silk. Even in isting filature at T-Narsipur, the production fell during July,August a ptember 1944 due to the closure of the filature on account of severe utbreak of plague. Production would be stepped up from January 1945 onw

The production in Vellum Parachute Silk Co. has been lower than est ted as labour was unsteady as cocoons were not bought and stocked when ailable in large quantities and as there was delay in obtaining angle i id pipes for new basins.

The production in Government Silk Filature, Kankanhalli, has been l an estimated as the erection of basins was not completed due to the dea a partner of the firm which had the contract. Labour also was unstea ie to harvesting season and prevalence of typhoid in Kankanhalli town.

Every endeavour is being made to step up production.

I have the honour to be,
Sir,
Your most obedient servant,

H. Marcelle
A/ Special Officer.

2nd Encl

D 4367 of 6

The Director General of Supplies
Govt of India
New Delhi.

Sir,

With refce to your telegram dated 12th Dec 1944 ~~Secret~~ short supplies of silk ~~to the Govt of India~~, I am directed to forward herewith a copy of letter No. E 364 ... dated ... from the S.O. which is self-explanatory

He has been asked to make all efforts to stimulate production & keep up supplies according programme besides also trying to make up ~~previous~~ arrears of supply to the extent possible.

D 4368 of 6

W/C to the S.O. S.F.E. ... me in finalising ... action ... Chief

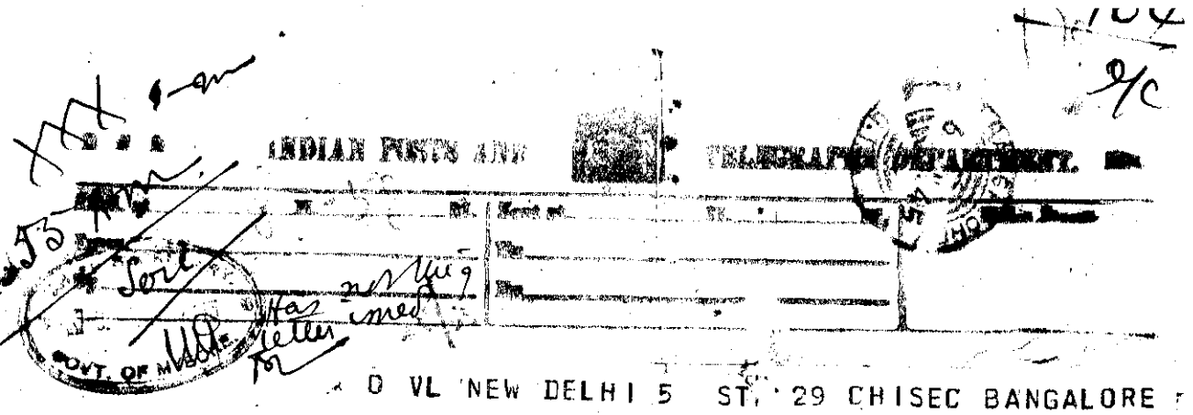
I have etc
Sd/- ...
Chief Controller of Supplies

To ... 1/1/45

New Delhi

~~Ref: SS~~

Your telegram dated the
12th December regarding produc
of raw silk. Fall of produc
~~is~~ entirely due to force majeur
Endeavours ~~are~~ made to ~~sti~~
stimulate production from
January 1945



O VL NEW DELHI 5 ST 29 CHISEC BANGALORE

= SY -/- TX -72(23) PLEASE REFER OUR EXPRESS TELEGRAM NO

SY -/- TX -72(4) OF TWELFTH DECR ES IMATE PRODUCTION RAW

LK STOP EXPEDITE REPLY IMMEDIATELY STOP MATTER MOST URGENT

= SUPTEXL